FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,822 · Tuesday January 7 1986 · D 8523 B

Aga Khan sows seeds on thin soil, Page 19

World news

EEC food surpluses reach new high

Unwanted food stocks held in EEC stores rose to a new record value of more than Ecus 9bn ($8bn) in the 12 months to the end of September last year, the European Commission said in a report.

The study concludes that the surpluses not only incur substantial storage costs and interest payments, but also "depress market prices within the Community and contribute to lower prices on the international markets."

Recognition that EEC overproduction damages world prices is a rare concession by the Community, as that is the most frequent charge brought against the Common Agricultural Policy by third countries seeking changes to European farm policy. Page 3

Yugoslav Premier

Hard-liner Branko Mikulic, a Bosnian known for his opposition to Western ideas and criticism of internal dissidents, is expected to be named as Yugoslavia's next Premier, to take over in May. Page 3

Police patrol city

Indian police patrolled the western city of Ahmedabad after seven people were killed in street battles which broke out between Hindus and Moslems during a kite-flying festival. In the Sikh holy city of Amritsar gunmen wounded two shopkeepers.

Iraq claims advance

Iraq said its troops had recaptured parts of the southern Majnoon Island oilfields, which Iran seized in early 1984, killing hundreds of Iranians and wounding many more.

US, Hanoi talks

The US and Vietnam began their highest-level peacetime meetings in a bid to speed up the process of finding out what happened to Americans missing since the Vietnam war ended in 1975.

Shcharansky term

Soviet Jewish dissident Anatoly Shcharansky has been sentenced to a further six months in a Soviet labour camp for his hunger strike over not receiving mail, his wife said in Israel.

Tamils kill six

Six Sri Lankan soldiers were killed when their vehicle was blown up by Tamil guerrillas in Vavuniya in the northern part of the country.

French air strike

International and domestic flights were badly hit by a one day strike by French air traffic controllers over higher pay and improved pensions.

Dhaka strike ends

Government workers in Bangladesh called off a three week-old strike after they were told by President Hossain Mohammad Ershad that all their demands would be met.

Encore de Gaulle

Paris-based international lawyer Charles de Gaulle, 39, grandson of France's president, who died in 1970, is seeking to become a candidate for the right-wing UDF party in the March general election.

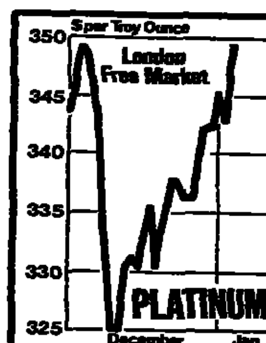
US art thieves held

New York police arrested three men, including a Fifth Avenue art dealer, after an estimated $18m worth of Middle Eastern antiquities were stolen and recovered within half an hour.

Business summary

Apricot, Tandy end joint venture

TANDY, US electronics retailer, and Apricot, British personal computer group, have ended a joint venture aimed at forming the largest chain of computer retail shops in Europe. Page 20



PLATINUM'S price rose by $7.25 to $349.75 a troy ounce on the London Metal Exchange following increased tension in South Africa and the Middle East. Page 30

TOKYO: Prices suffered a sharp setback. The Nikkei average fell 83.08 to 13,053.79. Page 38

LONDON: Equities halted their record run and gilts were hit by rising short-term rates. The FT Ordinary share index ended 7.8 lower at 1,141.8 and the FT-SE 100 closed at 1,424.1, down 5.7. Page 38

WALL STREET: The Dow Jones industrial average closed down 1.61 at 1,547.59. Page 38

DOLLAR was on the whole weaker in London, falling to DM 2.4475 (DM 2.461), FFr 7.5 (FFr 7.555) and Y201.9 (Y202.6). It improved slightly to SFr 2.07 (SFr 2.067). On Bank of England figures the dollar's index fell to 125.8 from 126.1. Page 31

STERLING lost 30 points against the dollar in London to $1.436 and declined to DM 3.515 (DM 3.5425), FFr 10.77 (FFr 10.87), SFr 2.9725 (SFr 2.975) and Y290.0 (Y291.5). The pound's exchange rate index fell to 77.9 from 78.0. Page 31

GOLD rose $0.75 on the London bullion market to $328.25 and was also higher in Zurich at $328.10. Page 30

MALAYSIAN Government refused to make public a report on losses totalling $1bn by state-owned Bank Bumiputra in bad loans to Hong Kong property speculators. Page 23

SWISS stock exchange authorities decided to allow a listing for the controversial zero-coupon bond issue launched by Italy last year, despite the fact that the deal is subject to Italian rather than Swiss law. Page 21

PHILIPPINES presidential candidate Corazon Aquino vowed if elected to seek better terms for repaying the country's $26bn external debt. Page 4

HYUNDAI Engineering and Construction of South Korea won contracts in Singapore and Manila worth $246m. Page 6

ENERGY consumption in Europe will recover because of falling oil prices but there will be no return to oil from other fuels, an energy outlook report says. Page 2

TELEDYNE, Los Angeles-based diversified manufacturing group, lifted fourth-quarter operating earnings from $39.4m to $54.9m. Page 22

PARKER PEN Company expects a loss for the year after plans to take a $50m charge to cover losses on the sale of its writing instruments business. Page 21

OPEC's special ministerial committee set up in December to help the organisation fight for its share of the world oil market is to hold its first meeting in Vienna on February 3.

EFIM, smallest of Italy's three state holding groups, is close to a deal which would privatise two air-conditioning and heating and engineering subsidiaries by selling the companies to Italian competitors in the same sector. Page 21

Ministers challenge Heseltine stand on Westland rescue

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MR MICHAEL HESELTINE, the Defence Secretary, was yesterday publicly challenged by other senior ministers over his approach to the Westland affair as the unprecedentedly open Cabinet dispute continued.

His resignation on an issue close to Conservative hearts is now being discussed as a possibility by Members of Parliament.

He was last night looking even more isolated in the face of an apparently concerted effort to undermine his campaign in favour of the European rescue package for the troubled British helicopter manufacturer.

His future in the Government may be determined by what happens at, and after, Thursday's Cabinet meeting, which is expected to reaffirm the previous Cabinet decision not to take sides between the European proposals and the Sikorsky-Fiat package favoured by Westland board.

Mr Leon Brittan, Trade and Industry Secretary, issued a statement questioning the view of Mr Heseltine's allies that both options should be presented to Westland's shareholders.

Mr Brittan implicitly defended the approach of Sir John Cuckney, the Westland chairman, saying the Government had never taken a view on how many options should be put to the shareholders. That was a matter for the board to decide, within the framework of company law, since it was for the board to recommend whichever proposal it considered best.

Mr Michael Heseltine

Earlier, Sir Patrick Mayhew, the Solicitor General, had accused Mr Heseltine of "inaccuracy" in some of the detailed references to the position of other European governments and companies on the future of helicopter collaboration as set out in the Defence Secretary's letter last Friday to the European consortium.

Sir Patrick's views were outlined in a letter to Mr Heseltine which was sent yesterday with Mrs Margaret Thatcher's knowledge and then leaked.

Mr Heseltine was last night considering his public response though his supporters regard Sir Patrick's letter as legal "pedantry."

These public clashes have amazed most other ministers and Conservative Members of Parliament for whom the Defence procurement aspects have now been dwarfed by the personal drama of Mr Heseltine's future and his challenge to the Prime Minister's style of government.

Mrs Thatcher is said to find Mr Heseltine's tactics "tiresome" but last night she had no plans to intervene personally, regarding the Government's position as clear and preferring to leave the decision to Westland.

Mr Heseltine's allies among Tory backbench defence specialists do not want him to resign but fear that he may now be getting into a position where that is possible unless the present political balance changes.

Senior ministers are worried about the possible damage from divisions and Mr Neil Kinnock, the Labour leader, said last night he would be demanding a full statement from the Prime Minister as soon as parliament returns next Monday, since "government ministers are acting like ferrets in a sack."

The key development yesterday was Mr Britton's statement, since it amounts to a clear rejection of Mr Heseltine's desire to postpone next Tuesday's Westland meeting to allow time for both options to be more fully considered.

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European consortium bid will not be put to vote

By Lionel Barber and Bridget Bloom in London

THE EUROPEAN aerospace consortium's rescue plan for Westland will not be put to a shareholders' vote, Sir John Cuckney, Westland's chairman, announced yesterday.

Sir John told a press conference in London that the Westland board strongly recommended an improved £74m ($106m) rescue plan from Sikorsky, the US helicopter maker, and Fiat of Italy which would be put to shareholders at an extraordinary general meeting on January 14.

The decision to recommend only one of the rival rescue plans was implicitly supported by Mr Leon Brittan, the UK Trade and Industry Secretary, who said in a prepared statement that it was a matter for the board to decide, within the framework of company law. "The Government has never taken a view on how many options should be put to the shareholders of Westland," he said.

Several major institutional investors in Westland voiced disquiet yesterday at not being offered a chance to vote on the rival proposals. They said they intended to seek a meeting with Sir John asking why he had chosen to rule out a vote and why he intended to press ahead with the meeting, ignoring the European consortium's plea for adjournment.

Last night, four top executives of the five-strong European consortium, Mr James Prior and Lord Weinstock, respectively chairman and managing director of GEC, and Sir Austin Pearce and Sir Raymond Lygo, chairman and managing director of British Aerospace, held an hour-long meeting with members of the Westland board, which was described afterwards by Sir John as "cordial."

Sir Raymond said its participants had agreed not to comment on the contents or on speculation that the consortium might improve its offer.

However, in an earlier statement, the consortium had expressed strong objections to Westland's decision not to allow a vote on the rival proposals. They also made clear, for the first time, that British Aerospace was prepared to assume "management responsibility" of Westland if the European offer was accepted and if it proved necessary.

The move by British Aerospace to play a lead role was aimed at countering criticism by Sir John that the European proposal would leave Westland involved with five different companies, some of which are state-owned. Several institutional

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Chinese group to buy 90% of HK bank

BY DAVID DODWELL IN HONG KONG

CHINA International Trust and Investment Corporation (Citic), a financial services group based in Peking, has agreed in principle to take up a 90 per cent stake in Ka Wah Bank, a small publicly quoted Hong Kong-based bank which is believed to have accumulated large problem loans.

The deal, details of which are likely to be announced tomorrow, was sealed in Peking at the weekend. Without it the Hong Kong Government would face the unpalatable and embarrassing prospect of being forced to rescue Ka Wah at a probable cost to the Hong Kong taxpayer of HK$1bn ($128m).

This would come just six months after a HK$2bn rescue of the Overseas Trust Bank (OTB) and its subsidiary, the HongKong Industrial and Commercial Bank.

The Singapore-based Low family, which has since 1975 held a 40 per cent stake in Ka Wah, has yet to give final agreement to the deal. It is thought to have little choice in the matter, however, because the bank is understood to be essentially bankrupt, with contingent liabilities cancelling all of its assets.

Citic has agreed to come to the bank's rescue only after protracted discussions. Mr David Li, head of Hong Kong's Bank of East Asia, has played an important intermediary role, first meeting Citic officials in Tokyo before Christmas, then last weekend travelling to Peking with Mr David Nendick, Hong Kong's newly appointed Secretary for Monetary Affairs, for final negotiations.

Apart from achieving the politically important objective of bolstering confidence in Hong Kong's banking sector, Citic will get from the purchase one of a dwindling number of publicly quoted banks in the territory. It will also bring Citic into direct competition with the Bank of China, which apart from its own banking operations acts as an umbrella for 12 Chinese-owned "sister banks."

Ka Wah has 27 branches in the territory, with total assets of about HK$6.4bn. It has been more vulnerable than other small banks partly because it has a large number of loans extended to borrowers in Malaysia, which faces economic problems, and partly because of an unusually heavy reliance on interbank credit.

It is not yet known how much Citic will have to pay for Ka Wah, but because it is expected to assume responsibility for its troubled loan book, the sum involved is unlikely to be large.

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Lex, Page 20

Moscow accuses US of open threats to Libya

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION yesterday accused the US Navy in the Mediterranean of openly threatening Libya and contributing to "an explosive situation" in the region.

Mr Vladimir Lomeiko, the Soviet Foreign Ministry spokesman, said that US moves against Libya were unjustified since Libya had denied any involvement in the terrorist attacks on Vienna and Rome airports.

Earlier in the day the Soviet news agency Tass quoted Col Muammer Gadaffi, the Libyan Leader, as saying that the US had concentrated 40 warships off the shores of Libya and that this "constituted a state of war."

Mr Lomeiko said he would not speculate on Soviet reaction if the US attacked Libya which is closely aligned to the Soviet Union. Col Gadaffi visited Moscow last year but has not signed a treaty of friendship and co-operation with the Soviet Union.

The Soviet Union is Libya's main arms supplier. Imports of $1.4bn of oil from Libya to the Soviet Union in 1984, and a similar total the previous year, is believed to be largely in payment for Soviet arms deliveries.

Mr Lomeiko said the US was adopting a more aggressive policy towards such countries as Nicaragua, Angola and Libya in recent months. He said this was contrary to the greater spirit of friendship between the superpowers since the Geneva conference.

Our Middle East Staff adds: The accusations and threats stemming from Libya's alleged involvement in the terrorist killings at Rome and Vienna airports are also serving to deepen existing divisions within the Arab world.

Syria yesterday accused Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, of offering Israel and the US an open invitation to attack its own territory and that of Libya.

"No Arab regime dared provide a cover for the US and Israel to commit aggression, but Arafat volunteered to offer the pretexts sought by Washington," said the newspaper of the ruling Ba'ath Party.

The Syrian outburst came in response to Mr Arafat's suggestion on Sunday that Libya and Syria had been behind the airport attacks.

Radical Islamic states are meanwhile urging Egypt to sever its ties with Israel. The call came as the 45 members of the Islamic Conference Organisation prepared for the first session of their annual meeting in Morocco.

Peres may accept Taba terms, Page 4

UK appoints Acland as US ambassador

BY FRANK GRAY IN LONDON

SIR Antony Acland, the head of Britain's diplomatic service, has been appointed ambassador to Washington.

He assumes Britain's top ambassadorial position in September when he succeeds Sir Oliver Wright, who was brought back from retirement four years ago to fill the position, then held by Sir Nicholas Henderson.

Sir Antony's successor as Permanent Undersecretary to the Foreign and Commonwealth Office is Sir Patrick Wright – currently ambassador to Saudi Arabia and no relation to the US ambassador.

The appointment to Washington marks the first time in nearly 10 years that a serving career diplomat has filled Britain's top ambassadorial job abroad.

Some diplomatic officials hope the appointment of such a senior official will breathe new life into the role of ambassador in Washington, given Mrs Margaret Thatcher's tendency to circumvent normal political channels in favour of direct communication with the US Administration on matters of strategic importance.

Sir Antony made clear yesterday his desire to make a strong impression in the US. He should remain ambassador until he is eligible for retirement in just over four years' time. By the time his appointment takes effect, he will have been Permanent Under-Secretary for four years, four months.

He noted that the two countries now enjoy excellent relations, marked by the similar economic and political views of the two nations' leaders.

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Profile, Page 7. Men and Matters, Page 18

General Accident acquires Canadian group for $143m

BY ERIC SHORT

GENERAL ACCIDENT (GA), one of Britain's largest motor insurers, yesterday announced the acquisition of the Canadian insurance company, Pilot Insurance, from the US financial conglomerate Reliance Financial Services Corporation in a US$143.6m deal.

This acquisition will take General Accident from seventh to third largest insurance company in Canada.

The news came as a surprise. UK insurance groups operating in the US and Canada have experienced poor trading conditions in recent years, with heavy underwriting losses. Company chief executives have talked about cutbacks there rather than expansion.

However, Pilot Insurance has a remarkable record: until 1985 it recorded underwriting profits, with an operating ratio less than 100, when the insurance industry in Canada was seeing heavy losses. Last year's result is expected to produce only a small loss.

Pilot, primarily a personal automobile insurer operating only in Ontario, has maintained a selective underwriting policy, marketing through an efficient and well rewarded agency force.

GA intends to keep Pilot as an independent operation and has no immediate plans to integrate GA's existing Canadian business.

Reliant said Pilot was its only non-US insurance operation. The sale would release resources to enable the group to take advantage of the upturn in the US insurance market.

The market felt that Reliance made the sale because of cash pressure, but this was denied by the group.

This deal represents the first big acquisition by GA for some time. However, other deals could be in the offing by the group and other UK composites as world insurance markets come out of their recent recession.

GA, somewhat to the market's surprise, is financing the deal by the issue of 14.3m shares, which were placed in the market yesterday at 707p, rather than from the group's cash resources. GA's share price closed 7p down at 733p.

Pilot has net assets of C$85m (£42m) so GA is paying a substantial premium over assets. However, the market considers the price justified by Pilot's earnings record.

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EUROPEAN NEWS

Sea law problems for West's fisheries

By Paul Betts

WESTERN COUNTRIES have faced greater than expected difficulties in adjusting their fishing industries to the new law of the sea which extended territorial waters to 200 miles. This has encouraged government assistance and restrictive trade policies for local fishing industries with serious international trade implications, warns the Organisation for Economic Co-operation and Development (OECD).

In the first major report to assess the impact of the new law on trade in the fishing industry, the OECD calls for consultations between Western countries to increase transparency in fishery industry trade practices.

The OECD warns that government policies to assist their fishing industries could make adjustment to the new regime even more difficult and uncertain.

According to the OECD, a third of world fish production was traded internationally before the implementation of the new regime starting in 1977. Although the law of the sea convention was adopted in 1982, countries established fishing zones in 1977. The extension of territorial waters to 200 miles redistributed 12m-14m tons of yearly catches or about 20 per cent of annual world total. The OECD says this means that fishery products will be traded even more extensively in future.

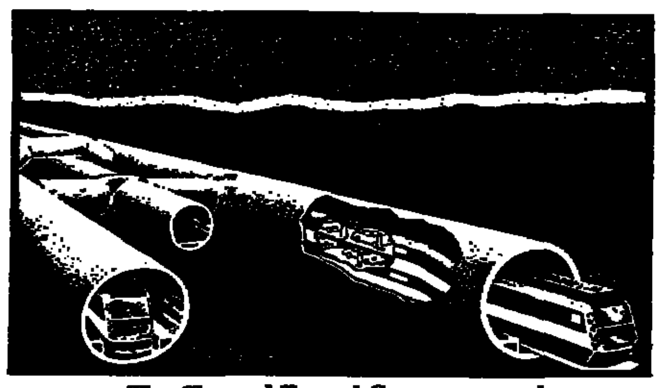
The two countries hardest hit by the new régime are Japan and Spain. Between 1973 and 1982, landings by Japan's distant water fleet were almost halved to 2m tons. Spain, the European country with the largest fisheries for human consumption, saw its annual total catch decline from more than 1.5m tons to less than 1.1m in 1979. The OECD says that, in absolute terms, Spain lost more than any other member-country except Japan.

Among EEC countries, Britain, West Germany and France lost most with the introduction of the new régime. Italy, Greece and Denmark also suffered small losses, while the Netherlands and Belgium were little affected.

Over the long term, the OECD believes that Norway stands to gai

Paul Betts explains why a Channel link excites few passions on the other side of La Manche

Why a British obsession is perfectly normal to the French



The Channel Tunnel Group proposal

France has always been keen on a Channel link. Providing the project involves a railway and a substantial French industrial and financial involvement, the Government is likely to go along with the British choice, observers say.

TO THE annoyance of the British Government Mr Jean Auroux, the French Transport Minister, disclosed just before Christmas the date and place of the meeting between Mrs Margaret Thatcher and President Francois Mitterrand to announce the name of the winning project to build a fixed link across the Channel.

The announcement will be made on January 20 in the large northern French city of Lille, whose mayor, Mr Pierre Mauroy, is the former Socialist Prime Minister.

In Britain, Mr Auroux's Christmas indiscretion was regarded as front page news. In France, the right-wing Le Figaro dismissed it in a paragraph in its salmon-pink economic supplement, while Le Monde tucked the information inside a short story about President Mitterrand's electioneering programme in January and February. The news received scarcely better treatment elsewhere in the media.

"The editorial desks of French newspapers and radio stations don't want to know about the Channel link. I tried to propose a news item on the subject the other day to be told by the editors that there was no interest in the issue," remarked a political commentator for the international service of Radio Monte-Carlo.

While the debate has been raging in Britain, the Channel fixed link has caused only the slightest waves of controversy in France and then at the level of the promoters and government officials involved in the scheme.

"There has been remarkably little passion in France over the Channel debate," says Mr Jean Paul Parayre, the former head of the Peugeot car group who is leading the French end of the Channel Tunnel Group/France Manche consortium proposing to dig a twin-bore rail tunnel under the Channel. "And it is not altogether surprising," he adds.

From the beginning, all the French political parties have been in favour of a fixed link. Apart from some grumbles in the Channel ports of Calais and Boulogne, public opinion in general believes that the fixed link is a positive and important civil engineering project which will bring the UK much closer to Europe.

Moreover, there is a widespread conviction that the project will bring significant economic advantages to the depressed northern region of the Nord/Pas de Calais, badly hit by pit closures, the steel industry's restructuring programme, and the troubles of the Dunkirk shipyards.

"If you look at the map you will see that on the French side you have one of the most depressed regions of France and that on the other side you have Kent which is your Cote d'Azur," points out Mr Parayre.

As for Mr Jacques Mayou, the chairman of Societe Generale, the large nationalised French bank, who heads the French side of the Euroroute bridge and tunnel project, he likes to emphasise the economic development advantages of the fixed link especially for the French north east.

Mr Mayou makes no secret of his penchant for state intervention in the project of the scale of the fixed link, although the French have now accepted the private financing principle of the project.

At the beginning France would have liked to see some state involvement in the scheme. "It is the natural French reaction, but they have accepted fully now the private financing concept which was one of the conditions set by Mrs Thatcher," explained a British official who follows the issue. "The French appear extremely anxious to avoid creating obstacles that might jeopardise the project."

The Socialist Government is aware that all the potentially difficult political problems are on the British side. President Mitterrand has thus repeatedly sought assurances from the British Government of its intentions of going ahead with the scheme.

"We are fully aware of the significance of a fixed link for the UK. In many respects the impact will be much greater for Britain than for France. A Frenchman can get in his car and drive to Belgium, or Switzerland, Italy or Spain. The fixed link will provide Britain with its first direct land link," remarked a French official.

"In a sense," he added, "it explains why there has been so little fuss about the link in France. It seems a perfectly normal thing to do." Two-thirds of cross-Channel traffic is British with only one-third French.

If French public opinion appears to regard the Channel debate as a long yawn, the government and the promoters have been desperately trying to drum up enthusiasm for the project and the rival schemes. In contrast to the low key approach adopted by the British Transport Ministry, Mr Auroux has sought to turn any occasion concerning the Channel link into a party. As for the rival promoters, they have sought to generate some interest and excitement by muscular public relations campaigns.

Euroroute, for example, has exhibited a bridge and tunnel meccano model in the shop window of one of Paris' large shops. All the main rival schemes have taken large advertisements in newspapers, held press conferences, and lobbied with the SNCF, the French railways.

Mr James Sherwood's Channel Expressway road and rail scheme has also been intensifying its lobbying in France. The group started its campaign in France much later than its two main rivals, Channel Tunnel and Euroroute. Mr Bernard Moutin, a French consultant working for Expressway, explained that the French Government regarded Mr Sherwood's scheme with suspicion because it was a British rather than Anglo-French project with a lack of big industrial and banking names associated with it.

"The British have tended to place the emphasis on the project itself and the proposals' technical qualities. The French seem to have put the stress on big industrial and banking names," claimed Mr Moutin.

Both Channel Tunnel and Euroroute are represented by some of the biggest names in French industry and banking.

Channel Tunnel - France Manche is backed by three of the country's biggest construction companies Bouygues, Dumez and Spie Batignolles. Euroroute, on the French side includes the Compagnie Generale d'Electricite GTM-Entrepose, Alsthom and the Usinor steel group.

Channel Expressway has recently responded by asking Screg, France's leading road construction group, to lead manage the French end of its road and rail tunnel project. It has also announced a long list of lofty banking names supporting its project.

The French Government is understood now to have warmed a little towards the Channel Expressway proposal and the Elysee Palace is believed to be pressing the Channel Tunnel Group to discuss possible collaboration in a joint scheme, according to Expressway French consultants.

Both schemes involve tunnels and Mr Sherwood's project has the added advantage of offering both rail and road facilities while Channel Tunnel Group scheme involves only railway shuttle services.

These latest manoeuvres suggests that the French may be leaning towards a tunnel-only project. The Euroroute tunnel and bridge project, however, has considerable lobbying power since it includes a number of major French nationalised industries and banking concerns. In another example of groups hedging their bets, Paribas bank is backing Euroroute while its subsidiary Credit du Nord is involved with the Channel Expressway plan.

From the beginning, the French Government and the state railways have made it clear that they saw the fixed link as a key way of helping to develop French high speed train technology—the so-called "train a grande vitesse (TGV). "The French have been dreaming of seeing the TGV one day arrive in Victoria station," said a British official.

The imminent ceremony in Lille is bound to be a colourful occasion. The Socialist Government attaches importance to the event since it sees it as possible aid to winning extra votes in the general elections next March.

Ultimately, the French are expected to go along with whatever decision is taken in the UK as long as the scheme contains a rail element and strong French industrial and banking involvement.

"The French are extremely keen to avoid any obstacles getting in the way of a fixed link. They have shown considerable willingness to reach a consensus with the British Government," a British official remarked.

Few however, expect the project itself to trigger great passions. "It's lucky that we've got an election campaign. The politicians will try to make an issue of anything and will seek to hype up the Channel project as much as possible. But I think it will find it difficult to compete with the Paris Saint Germain football club and its unbroken run of league victories so far this year," said a French official.

Recovery forecast in Europe's energy consumption as oil prices fall

BY MAURICE SAMUELSON

EUROPE'S ENERGY consumption will recover thanks to falling oil prices but there will be no return to oil from other fuels, says a report on the European energy outlook in the next two decades.

The report assumes that oil prices will fall from $27.6 a barrel last year to a trough of $23.8 in 1987. It will then recover to reach $70 a barrel by 2000.

As a result of the weak US dollar, Europe's real energy prices will fall even more steeply than dollar oil prices, thereby giving Europe a competitive advantage, says the report by DRI Europe, part of DRI (Data Resources), an international supplier of economic information services. In addition to an overall European survey, it contains individual studies of France, West Germany, Britain, Italy, Netherlands, Belgium, Greece, Ireland and Switzerland.

With cheaper energy at its disposal, Europe's energy demand will grow by 1.6 per cent a year over the next five years. But despite a moderate recovery in oil consumption of 26.4m tonnes between 1985 and 1995, oil's share of primary energy requirements will fall to 43.5 per cent by 1990 and to 36.7 per cent by 2005, compared with 47 per cent in 1983.

Despite growing electricity demand, there will be no return to oil by power stations and oil will continue to give way to coal and nuclear capacity.

By the end of the century, says the report, oil's share of primary fuel input will fall to 2.5 per cent, with consumption in the electricity sector dropping from 37.5m tonnes a year to 22m tonnes by 1990 and 13.3m tonnes by 2005.

The falling oil prices will also fail to shield fuel oil's place in the industrial market. In the late 1980s, the 2.3 per cent a year growth in industrial energy demand will be met by an increase of 14.5m tonnes of oil equivalent (toe) in natural gas burn and only a 4.1m toe rise in industrial fuel oil use. By 2005, industrial fuel oil burn will have fallen by 22m tonnes.

In the residential and commercial sectors, natural gas will remain the favoured fuel until 1993, although prices will favour electricity in the longer term.

In its report on Britain, DRI Europe assumes that the Sizewell B nuclear power station will come on stream in 1994-95 and that four more pressurised water reactors and one advanced gas-cooled reactor would be commissioned between 1995 and 2005. But thanks to the decommissioning of older nuclear capacity in the 1990s, power stations will continue to demand more than 74m tonnes of coal a year to the end of the century.

The UK's self-sufficiency in oil will end during the second half of the 1990s. North Sea oil production will fall from its present level of 150m tonnes a year to 114m tonnes in 1990, and 71m tonnes in 2000.

European Energy Outlook, DRI Europe, 13, rue due Quatre Septembre, 75002, Paris; 465 pages, $2,300.

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EEC stocks of unsold cereals nearly treble

BY IVO DAWNAY IN BRUSSELS

EEC STOCKS of cereals held unsold in intervention stores almost trebled in the 12 months to the end of September last year, according to a report published yesterday by the European Commission.

The study of the Community's markets for farm products showed that the value of goods in stores now exceeds Ecu 9bn (£5.4bn)—a record.

It concludes that the surpluses not only incur substantial storage costs and interest payments, but also "depress market prices within the Community and contribute to lower prices on the international markets."

Recognition that EEC overproduction damages world prices is a rare concession by the Community, as this is the most frequent charge brought against the Common Agricultural Policy (CAP) by third-world countries seeking changes to European farm policy.

The new figures show that cereals stocks increased from 5.98m tonnes on September 30 1984 to 16.85m tonnes on the same day last year.

Wheat held in store has risen from 3.7m tonnes to 1.1m tonnes over the same period, while barley stocks have also more than doubled to 4m tonnes.

The statistics confirm alarming trends in the growth of surpluses underlined by the Commission in its recent paper proposing reforms to the management of EEC cereals production.

According to some of these forecasts, at current rates Community output could leave stocks of as much as 80m tonnes by 1991 at a cost to the farm budget of Ecu 3bn in storage charges alone.

Beef in store has also increased dramatically, up from 503,000 tonnes to nearly 800,000 tonnes last year with consequent annual costs rising to Ecu 342m.

The one cheering note, however, has been a stabilisation in the stocks of dairy products, with butter in store slightly down at just over 1m tonnes, and skimmed milk powder almost halved at just under 500,000 tonnes.

Bangemann determined to push through strike law

BY RUPERT CORNWELL IN BONN

UNPERTURBED BY a barrage of union heckling, Mr Martin Bangemann, the Free Democrat (FDP) leader, yesterday insisted the Government would stick to its plans to push through a bill this year tightening up West Germany's strike laws.

In typically truculent form at his party's traditional New Year rally in Stuttgart, Mr Bangemann—who is also Economics Minister in the ruling centre-right—brushed off repeated interruptions from union protesters to maintain that changes in the law were realistic and in no way constituted an inroad into the right to strike.

The planned measure, approved by the Cabinet at its final session of 1985, essentially will make it harder for unions to stage disruption "on the cheap," by withdrawing state benefits for workers laid off by a strike elsewhere. It has already drawn massive protests from organised labour here, and further demonstrations are promised should as seems inevitable — the proposed revision in the law go before Parliament.

But any concern on that score was far from enough to dent the buoyant mood of the occasion in Stuttgart—so different from that of 12 months before when the FDP seemed on the verge of extinction.

● West German prices last month stood at 1.8 per cent higher than in December 1984. Average inflation for 1985 fell to 2.2 per cent, and the rate is widely expected to drop further in 1986.

E. German clampdown on illegal tenants

By Leslie Colitt in East Berlin

ULRIKE and Peter, two East Berliners in their early 20s, are among thousands of East Germans who have just received notice to vacate their flats within a week or be fined up to 5,000 East German marks ($2,000): an average five months' income.

The two East Berliners illegally "inherited" their low-rent flat from an elderly lady, who sublet a room to them until her death three years ago. They quietly moved into the rest of the flat and continued to pay the rent until now.

An East German law which came into effect on January 1 is designed to put an end to the endemic queue-jumping for flats and non-payment of the country's extremely low rents.

Thousands of East German urban squatters – mainly students and younger workers from the provinces – are faced with eviction and stiff fines for taking over empty flats in derelict buildings. Others, like Ulrike and Peter, sought out rooms sublet by elderly East Germans in the macabre hope that they would not live much longer.

However, even many East Germans with normal rental contracts were months behind in payment of their rents. The communal housing agencies collect rents – 40 East German marks a month for a one-room, oven-heated flat and 110 marks for a centrally heated three-room apartment.

But, unlike owners in the West, the state agency has no real incentive to see that payments are actually made. Some East Germans are years behind in their rents. Their attitude is that the state takes its time to make essential repairs to the apartment buildings and that they should be in no rush to pay the rent.

East Germany is determined to solve its housing problem in the next five years by annually building or modernising more than 200,000 units with yearly subsidies of nearly 30bn marks. The current low rents are not to be raised.

The Government's new regulations are to put an end to the many tolerated illegalities which existed during the acute shortage of flats since the war.

Pan Am to expand feeder service from West Germany

BY LESLIE COLITT IN BERLIN

PAN AM is expanding its feeder service to Eastern and Western Europe from Frankfurt and Munich in direct competition to Lufthansa, the West German national airline.

The US carrier, which ended its Pacific services last year, is concentrating on transatlantic and European routes to regain profitability.

The airline said it would begin serving Prague, Moscow and Leningrad from April 27, using its fleet of Boeing 737s in Frankfurt and West Berlin.

The feeder service to the Soviet cities will be part of the resumption of air links between the US and the Soviet Union severed by Washington in 1981 after the Soviet invasion of Afghanistan.

The Pan Am service, three times a week to the three cities, will connect with Frankfurt-New York flights. It will be able to pick up local passengers in Frankfurt for flights to Prague, Moscow and Leningrad.

Until now, such passengers flew Lufthansa or to a lesser degree, CSA to Prague and Aeroflot to the Soviet cities.

Pan Am, which began its European feeder service in 1988 from Frankfurt and Munich, will shortly be serving 31 cities in eastern and western Europe.

It has been unable, however, to obtain the right to pick up passengers in Frankfurt for its feeder service to Vienna and some other European cities regarded as lucrative routes by Lufthansa.

Last autumn, Pan Am resumed flights to Warsaw from Frankfurt. These flights had been halted after the US cancelled air service between New York and Warsaw following the proclamation of martial law in Poland in December 1981.

Pan Am's inner German service (IGS) between West Berlin and West German cities has completed one of its best recent years, according to an airline official in Berlin.

It carried 2.2m passengers, up 8 per cent on 1984, but still well behind the 1971 record when more than 3m passengers were carried on the high-yield IGS.

● India and Singapore have agreed to amend hteir 1968 air services agreement to provide for more flights between Singapore and Madras and Bombay, and add flights to New Delhi and Calcutta, the Civil Aviation Authority of Singapore said yesterday, AP reports.

Bosnian likely to be next Yugoslav PM

By David Buchan

MR BRANKO MIKULIC, 57, a Bosnian who successfully organised the 1984 Sarajevo winter Olympics, now looks certain to become the next Prime Minister of Yugoslavia in May.

The Tanjug news agency yesterday announced that his appointment was approved by his eight fellow-members of the country's collective presidency for the job.

Formal confirmation will come next month from the Socialist Alliance, the country's Communist-led mass political organisation, which is supposed to be canvassing alternative nominations for the premiership.

Soviet industrial spying revealed

BY DAVID HOUSEGO IN PARIS

FRESH LIGHT was cast yesterday on what is emerging as one of the major post-war intelligence successes of the West against the Soviet Union.

According to the weekly Le Point, a high ranking official in the KGB provided France with top secret Soviet material on Russian industrial and high technology espionage activity in the West for an 18-month period from the spring of 1981. The information provided the basis for France's expulsion of 47 Soviet diplomats in 1983 and the most exhaustive evaluation that has reached the West of Soviet absorbtion of Western military technology.

President Ronald Reagan is said to have been personally informed in 1981 by President Francois Mitterrand of the activities of the KGB official who went under the code name "Farewell." The new revelations are taken from "The KGB in France," by Thierry Wolton, which is to be published on January 10.

Farewell is claimed to have taken the initiative himself in contacting the French authorities because of his disenchantment with the Soviet system. As the most senior KGB officials are not allowed out of the Soviet Union, the information was passed to the French in Moscow.

It also provided a detailed year-by-year evaluation by the Soviet Union of what it had obtained from the West in terms of high technology, and a worldwide list of Soviet officials engaged in high technology espionage and the identity of the agents they had recruited in several countries, including thet US, West Germany and France.

David Buchan writes: The information which the French Government gained from KGB defectors in the early 1980s highlighted for the first time the role of the VPK Military Industrial Commission in co-ordinating the Soviet programme for theacquisition of military-useful technology from the West.

With 12 defence-related ministries represented on it, the VPK gives the Soviet Prime Minister and Communist Party central committee a yearly report on the benefits of Western technology to more than 5,000 military research and development projects.

Irish interest rates on the increase

By Hugh Carnegy in Dublin

IRELAND'S central bank yesterday raised its overnight lending rate by 1.5 points to 11.75 per cent in response to a surge in Dublin money market rates.

Bankers said the scene was set for an increase in retail bank rates of 1-2 percentage points (prime rates are around 10.5 per cent).

Fears that the punt could suffer in a realignment of the European Monetary System caused many Irish companies to take advantage of its present 12-month high against sterling and the dollar. The result was growing pressure on the punt and a rise in local money market rates.

Sicily–Italy link closer

THE ITALIAN Government has taken a concrete step towards the construction of a fixed link across the Straits of Messina, between Sicily and the Italian mainland, reports James Buxton in Rome.

Mr Bettino Craxi, the Prime Minister, has signed a ministerial decree for the study and construction of either a bridge or a tunnel across the strait.

The task of managing the project is being given to the Straits of Messina Company, a subsidiary of IRI, the state holding company.

Straits of Messina will now step up its studies of the possible projects. The Government's aim is to see work begin by 1989, with completion set for 1996 to 1997.

Athens 'seeks closer US ties'

GREECE'S AILING economy may help to persuade the Government in the coming year to try to mend fences with the US, the European Community and domestic business, according to diplomats and economic analysts, Reuter reports from Athens.

Bleak economic forecasts for 1986 predict falls in consumption, purchasing power and investments, coupled with rising unemployment.

In view of this, the analysts say, the Government of Mr Andreas Papandreou, the Socialist Prime Minister, has toned down its once strident anti-American rhetoric and is starting to woo industrialists, once reviled as the "economic oligarchy."

Last October foreign debts of $13bn and uncompetitive home industries forced the Government to take a series of unpopular economic measures including a 15 per cent devaluation of the drachma, new taxes on imports and business profits and cancellation of promised indexed salary rises.

Some analysts say the measures may not be enough. The Bank of Greece has said the balance of payments deficit increased by 60.5 per cent between January and October 1985 to reach $2.7bn. At that rate, the analysts say, the year-end deficit could reach $3.2bn.

The same analysts fear that the European Community may refuse Greece the second instalment of a soft loan of Ecu 1.75bn ($1.5bn) to be paid if its deficit falls below $1.7bn in 1986 and below $1bn by 1988.

Mr Papandreou appears to be trying to improve relations with the US to help him to overcome the economic crisis.

The hijacking last June of an Athens-to-Rome TWA flight by Lebanese gunmen brought stiff US criticism of Athens airport security and, according to tour operators, the lucrative business from American visitors might be sharply down this year.

However, diplomats say the US has been pleased in recent months by improved airport security and what it perceives as greater Greek willingness to co-operate in combating terrorism and Soviet espionage.

Better relations between Athens and Washington might bring back the US tourists, they add.

In addition, Greece needs 40 US-made General Dynamics F-16 interceptor aircraft to modernise its air force and balance the rearmament programme of neighbouring Turkey, with which it is at odds over territorial rights.

French flights hit by strike

INTERNATIONAL and domestic flights in France were hit yesterday as air traffic controllers staged a one-day strike for higher pay and improved pensions, Reuter reports from Paris.

The strike, in which the controllers were backed by other ground staff, was the first under a new government minimum service decree that prevents a total shutdown of air services.

Authorities at Orly airport, Paris, which handles most of the capital's international charter services, said there would be only 14 international arrivals and departures. The airport usually handles 129 international flights a day.

The French airline Air Inter was to operate 22 internal flights from its normal daily schedule of 330.

AMERICAN NEWS

US defence budget cuts may total $80bn

By Stewart Fleming in Washington

THE US defence budget will have to be cut by some $80bn (£57bn) between 1986 and 1987 as a result of the Gramm-Rudman budget process which came into effect at the end of last year, according to Rep Les Aspin, chairman of the house armed services committee.

Releasing a report on the defence implications of Gramm-Rudman yesterday, Mr Aspin said: "(Defence Secretary) Caspar Weinberger, who has prided himself on presiding over the greatest defence build-up in peacetime history, is about to preside over the greatest defence cutback in peacetime history.

The new budget process demands that if Congress cannot pass a budget which will meet the deficit reduction targets laid down by the Gramm-Rudman law then the President is ordered to make automatic across-the-board cuts in government spending, split evenly between defence and non-defence sectors. A number of budget sectors, including social security and certain welfare programmes for the poor are excluded from the automatic cuts.

The new budget process is facing legal challenges to its constitutionality, including one from the US Justice Department. The first mandatory cuts (relating to the current 1986 budget) are due to come into effect on March 1.

According to the house armed services committee study about $5bn of budget outlays (actual spending) will have to be cut from the defence budget, and to achieve this reductions of some $10-$13bn will have to be made in the Pentagon's authority to spend. Thus, according to the study, for the first time since 1973, the 1986 defence spending authorisation will be lower in nominal terms than in the previous year.

For 1987 Rep Aspin estimates defence spending authority will have to be cut by $65bn to meet the $144bn budget deficit target now written into law. He suggests that while President Reagan will propose next month that defence spending of $325bn in 1987, Congress will settle on a figure nearer $259bn.

David Fishlock, Science Editor, explains what happened during last weekend's nuclear accident

Explosion clouds future of US 'hex' plant

THE NUCLEAR accident which has killed one US worker at the Sequoya Fuel Corporation plant in Gore, Oklahoma, and put 140 in hospital at the weekend involved a toxic chemical which has been in large-scale industrial use in several countries for over 40 years.

The chemical is uranium hexafluoride, a compound of uranium which reacts readily with moisture in the air to make hydrofluoric acid. One of the most corrosive, it will dissolve glass or stone, and is used commercially to etch silicon chips and clean stonework on public buildings.

Both the acid itself and the chemical from which it came in the accident could have a devastating effect if it came into contact with the moist tissues of the bronchial passages. The "white gas cloud" described by eye witnesses to the accident was a cloud of hydrofluoric acid which fatally damaged the lungs of one worker and put two others into the care of a pulmonary consultant.

No one is likely to have been harmed, even in the long term, by radiation. The radio-activity of uranium hexafluoride is very low, no greater than that of the uranium ore from which it is extracted.

But what may well prove to be the most troublesome consequence of the accident is the need to clean up the mildly radioactive material deposited as a sticky "snow" inside and outside the plant, owned by Kerr McGee, the US uranium mining group. This "snow" is a precipitate of uranyl fluoride, the other substance formed when uranium hexafluoride (hex) reacts with moisture.

The clean-up is being supervised by a task force from the US Nuclear Regulatory Commission, the federal government agency responsible for the safety of US nuclear reactors and factories.

An "augmented inspection team" has established a picture of the events last Saturday when the gas cloud was released.

The factory refines uranium and manufactures hex, the form in which uranium is needed for enrichment, the next step in the nuclear fuel manufacturing cycle.

Hex is a volatile solid which evaporates readily without first becoming a liquid. It is made as a gas and pumped into strong steel cylinders, where it condenses to crystals for transportation to the uranium enrichment factories.

The practice at the Sequoya plant was to determine how much hex had been pumped in by continuously weighing the cylinder until it was deemed to be full. In this case the cylinder had been incorrectly positioned on the scales and hence was over-filled. It was about a tonne too heavy.

The factory's practice for rectifying such errors was essentially the same practice as is used at the enrichment factory to release the hex as a gas for the next stage of the processing.

The over-weight cylinder was transferred to a steam bath where the heat began to vaporise some of the hex, so that it could be tapped off. The reason why the cylinder exploded while in the steam bath is not yet known. The man who died was working above the steam bath and caught the full blast of the escaping gas.

In other respects the factory was lucky. The accident happened while most of the operatives were at lunch. The cloud escaped from the factory but was caught in a 25 miles an hour wind which blew it in the least populated direction of a very rural community.

Hex has been made and transported in large quantities since the Second World War, when the US developed the first industrial processes for the enrichment of uranium for nuclear weapons. All the enrichment processes tried on a large scale required uranium in a gaseous form.

Despite formidable difficulties in dealing with such a toxic and corrosive gas, US chemical engineers led by Du Pont and other major chemical companies, worked out basic procedures used to this day, to enrich uranium both for nuclear weapons and nuclear fuels.

Compared with the other disadvantages of hex, its radiotoxity both before and after enrichment is a minor problem, except when derivatives of the chemical contaminated in a wide area, as appears to have happened in this accident.

Previously the most highly publicised accident relating to hex occurred in Europe in August 1984, when the French freighter Mont Louis sank off the Belgian coast with a cargo of cylinders of hex for West Germany.

This accident produced some highly imaginative descriptions of what might happen if sea water and hex were to mix, but in the event, the cylinders were salvaged intact, with no radio-active leak.

Several countries operate commercial uranium enrichment processes for the nuclear fuel industry, all of which are fed with hex. They include Britain, the Netherlands, West Germany and France in Western Europe, and the US, Soviet Union and China.

Only one uranium enrichment operation operating on a substantial scale is known to use a different feedstock. This is Avlis, the atomic vapour laser isotope separation process, with which the US plans to replace its present uranium enrichment factories in the 1990s. It uses what is arguably a still more unpleasant feedstock—boiling uranium metal vapour.

One predictable consequence of the hex accident at Gore is the deferment, if not abandonment, of company plans to expand the nuclear fuel factory. The Nuclear Regulatory Commission was due to hear the company's case this week.

Kerr-McGee's share price fell sharply by $1¼ to $32 in early trading yesterday as investors responded negatively to the news of the gas explosion. The reaction was much as expected on Wall Street, where Kerr-McGee's stock has recently been riding high following a share buy-back programme for up to 20 per cent of the company's equity, Terry Dodsworth writes from New York.

An energy group with its main interests in oil and gas, Kerr-McGee has recently been reducing its activities in the nuclear-related field, where it is involved in converting uranium ore into fuel for use in nuclear power plants. It closed its uranium mining business in New Mexico a year ago, resulting in a charge of $42m, and is expected to have made a loss in the nuclear division during 1985.

The Oklahoma-based group has for some time been the subject of takeover speculation, in common with many other natural resources companies hit by declining energy prices and the slump in US mining. Its write-off against the uranium mining activities, which was part of an $88m charge to cover the write-down of several of its mining activities, was seen as part of a restructuring move aimed at fending off potential takeovers. Since then, the share buyback programme has been added as another defensive device, pushing the share price up from just over $26 at the beginning of 1985.

Mexican quake toll 'at least 20,000'

By David Gardner in Mexicali

MEXICAN OFFICIALS now admit that between 20,000 and 35,000 people died in the two huge earthquakes that hit Mexico City on September 19 and 20, according to a senior US official.

This figure far exceeds any that Mexican officials have provided publicly. The authorities practically ceased to give out figures once the quake death toll exceeded 6,000. Even in private, a senior Interior Ministry official, speaking more than a month after the disaster, insisted that only 8,000-9,500 people had perished.

The US official providing the new figure, who spoke not for attribution, was attending last Friday afternoon's talks between President Ronald Reagan and President Miguel de la Madrid in Mexicali, on the Mexican side of the Californian frontier.

Throughout the earthquake emergency the attitude of the Mexican authorities towards the casualty figures was often puzzling and occasionally scandalous. A Mexico City Government official, for example, when challenged on one occasion after appearing with death figures sharply down on ones he himself had provided the previous day, said the equivalent of "let's split the difference."

Official Mexican information, moreover, often bore little resemblance to data collected by diplomats, rescue teams and journalists covering the disaster. Several embassies from the British to the Brazilians, foreign rescue groups including the Swiss, French and Germans and local relief groups like the Red Cross, all believed that the death toll from the quakes would be within the range now said to be accepted privately by the Mexican authorities.

There is still no wholly convincing explanation as to why the Mexican Government should wish to minimise the human toll of the worst natural disaster in the country's history, though bureaucratic secretiveness and the lack of a coherent information policy undoubtedly played a part.

Aruba takes uncertain step towards independence

BY CANUTE JAMES IN KINGSTON

THE DUTCH Caribbean island of Aruba has made the first move towards full independence despite increasing uncertainty over its weakened economy.

The island of 67,000 people has formally left the Netherlands Antilles Federation and has become a self-governing member of the Kingdom of the Netherlands. It plans to move to full independence on January 1 1996.

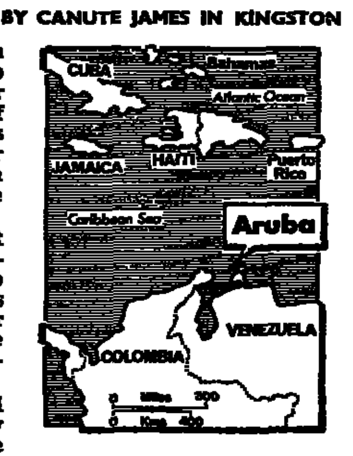
Aruba's decision to leave the six island federation has brought changes in political leadership in the group and on the island itself. The Government of the federation is now being led by Mr Don Martina, a Social Democrat, who has replaced Mrs Maria Liberia Peters, a Conservative, as Prime Minister.

It was an election in November to clear the way for Aruba's departure from the federation which brought Mr Martina to office. In the same election, Mr Gilberto Croes, the architect of Aruba's independence, was replaced as the island's leader by Mr Henny Eman. Mr Eman is now Aruba's first Prime Minister.

Ironically, Mr Croes was not present at the ceremony marking Aruba's first step to independence, as he was seriously injured in a motorcar accident the day before the first sitting of the new parliament.

Mr Croes' waning political fortunes were brought about by economic problems which are now confronting the newly semi-independent Aruba.

The once buoyant economy of the arid island seven miles off the Venezuelan coast was hit last year by the closure of an



oil refinery owned by a subsidiary of Exxon Corporation of the US.

The company said it was forced to close the 400,000 barrel per day facility because it was not profitable. Losses for 1984 were put at about $50m (£35m). Aruba now faces a struggle to replace the 40 per cent or so of its income which has traditionally come from oil refining.

There are plans to develop its tourism sector, but foreign investors to finance the construction of hotels have not appeared enthusiastic. The Dutch Government had earlier warned that with its new political status Aruba should not expect financial assistance from the Hague.

Government officials in Aruba say, however, that they expect the Dutch Government to continue considering "special financial assistance" for the island.

Ironically, a similar threat to the economy of Curaçao, and to the other four members of the federation, has been eased. The state-owned Petroleos de Venezuela SA has leased a refinery on Curaçao, closed last year by Royal Dutch Shell.

The company had offered the 320,000 barrel per day facility to the Government of the federation for the equivalent of $4 US cents, but had asked $47m for inventories.

The Venezuelan move is more political than economic. The economic collapse of the group of islands of its north coast could leave Caracas with an unwanted political diversion.

The refinery lease will bring the federation less income than it got when Royal Dutch Shell ran the facility, but it has cushioned the impact of other blows to the economy.

Tourism has been declining and the once vibrant offshore banking sector has been hit by new US regulations.

Deadline for Dalkon Shield injury claims

WOMEN injured by an American birth control coil were yesterday given a deadline for filing claims for compensation, PA writes from London.

In a worldwide announcement the makers of the Dalkon Shield, A. H. Robins, said: "A US judge has established a date after which no further claims of injury may be filed as the result of use of the Dalkon Shield. That date is April 30."

The Dalkon Shield was used by more than 3.5m women in 80 countries in the early 1970s before being withdrawn because of medical complications.

More than 13,000 women in the US have reportedly been rendered infertile and at least 21 have died. Thousands more are thought to have had miscarriages.

OVERSEAS NEWS

Aquino promises to seek better debt terms from creditors

BY SAMUEL SENOREN IN MANILA

PRESIDENTIAL candidate Mrs Corazon Aquino vowed yesterday to seek better terms from creditors in paying back the Philippines' $26bn external debt if elected on February 7.

In her first major economic policy statement since challenging President Marcos last month, Mrs Aquino, 52, said she would put a ceiling on repayments based on the Philippines' foreign exchange earnings.

A new repayment scheme was one of six points contained in an economic programme she presented to Philippine business and industry leaders in Makati. Her speech was wildly applauded by some 1,000-strong audience.

"Our economy," she said, "cannot possibly endure, nor our people long accept, a situation where nearly half of our export earnings must go to interest payments alone."

Claiming that both the Philippines and its international creditors were "victims of Mr Marcos," Mrs Aquino was confident a new and mutually acceptable debt repayment programme could be worked out with creditors.

"The harsh character of the present restructuring assumes a country under a leadership that must be kept, as the creditors themselves put it, on a short leash," she added.

Mr Marcos' Government negotiated a debt rescheduling agreement with the International Monetary Fund in late 1984 and with creditor banks last year but the terms, according to Mrs Aquino, "can only make us poorer than we already are, and extend even longer the period of our economic bondage."

In presenting the economic programme in which she accused Mr Marcos of "plundering" both public and private sectors, Mrs Aquino clearly set a new tone in the election campaign where economics is the chief issue.

Mr Marcos, 68, has in the three weeks since the campaign started accused Mrs Aquino of bedding with communists. She has denied the accusations.

Peres ready to accept Taba settlement terms

BY TONY WALKER IN JERUSALEM

MR SHIMON PERES, Israel's Prime Minister, believes he has secured suitable terms from Egypt for a resoluton of a territorial dispute over Taba, a narrow strip of land in the Sinai that is blocking normalisation of relations between the two countries.

Mr Peres was scheduled to confer last evening with Mr Yitzhak Shamir, the Foreign Minister, who is saying further discussion with Egypt is needed before agreement on Taba is possible.

Mr Peres's apparent determination to push ahead with a settlement of the Taba dispute has the makings of a fresh row within Israel's Government of National Unity.

Israel's inner Cabinet, which has been deadlocked on the Taba question, may consider the latest package of proposals at its regular meeting tomorrow.

Israel hung on to Taba, whose land area is about 1 sq km, when it handed back the Sinai to Egypt in 1981 under the terms of the 1979 peace treaty.

Officials close to Mr Peres say that a new round of negotiations would be superfluous since the Egyptians appear to have satisfied Mr Shamir's reservations over a package deal that embraces conciliation and arbitration.

● Israel last year received the lowest number of new settlers since the establishment of the state according to interim figures released by the Absorption Ministry. There were 11,298 newcomers in 1985. The previous low was 11,326 in 1953.

Israeli officials say that among factors which caused the drop in immigration to Israel last year was the poor state of the economy and adverse publicity attracted by the war in Lebanon.

Israel in the past several years has been experiencing a net outflow of people.

Soviet minister to visit Japan

By Patrick Cockburn in Moscow

MR EDUARD Shevardnadze, the Soviet Foreign Minister, is to visit Japan, North Korea and Mongolia next week as part of a more active policy in Asia being pursued by the Soviet Union since Mr Mikhail Gorbachev became leader last year.

The visit was confirmed yesterday by the Foreign Ministry.

No Soviet foreign minister has been to Tokyo for ten years but relations between the Soviet Union and Japan have steadily improved since last summer. Diplomats attribute Soviet interest in improved links to consciousness of Japanese economic strength, concern about potential Japanese military strength, a more active Japanese foreign policy and desire to promote a Soviet plan for an Asian security pact.

Moscow would also like to separate, as far as possible, Japan from the US and China, increase trade and seek to influence Japanese public opinion in favour of the Soviet Union. The countries remain divided by the dispute over the Kuriles Islands

US, Vietnam discuss missing servicemen

US and Vietnamese officials met for three hours yesterday in the highest-level talks since the end of the war between the two nations and discussed ways of determining the fate of hundreds of missing US servicemen, Reuter writes from Hanoi.

Mr Richard Armitage, US Assistant Secretary of Defence, told reporters the two sides "engaged in in-depth discussions of all aspects . . . to include how we might accelerate progress toward resolution of this issue."

Sudan debt move

The International Monetary Fund has agreed not to declare Sudan insolvent despite its inablity to pay $218m (£155m) in debt arrears, the state-owned press said yesterday AP-DJ reports.

The Foreign Minister, Mr Ibrahim Taha Ayoub is reported to have told the Cabinet that the IMF accepted a plea that the payment due last Friday be put off.

Kurdish gains put pressure on Iraq

Gwynne Roberts has just spent nearly three months in the Kurdish area of northern Iraq. In the first of two reports he looks at the extent of guerrilla activity and the impact it could have on the Gulf war between Iraq and Iran.

THE IRAQI Army's hold on many sectors of Kurdistan is crumbling as pro-Iranian Kurdish guerrillas step up pressure on military bases in northern Iraq with newly acquired heavy weaponry.

Unnoticed by the outside world, partisan forces headed by Masoud Barzani have established control over a large swathe of territory across northern Iraq. Their "liberated" zones stretch from Iraq's northern border with Iran to within a few kilometres of the town of Zakho near the Syrian and Turkish frontiers, and in some parts 75 km southwards.

This became evident during an 11-week journey I made across northern Iraq with Kurdistan Democratic Party (KDP) guerrillas. Travelling on foot and by mule, we penetrated deep behind Iraqi lines, crossing the Zagros mountains just south of Iraq's borders with Turkey and Iran, and trekked to within sight of Zakho and the nearby international highway.

We visited a chain of KDP bases in the Badinan region of northern Iraq, and also skirted the towns of Dihok and Amadiyah. Since I last travelled with the KDP across Kurdistan in 1981, the Kurds seem to have more than trebled the areas under their control. Fighting has intensified, and the KDP, one of two Kurdish guerrilla armies in northern Iraq, mounts between 50 and 60 operations monthly.

They are well equipped, with bases defended by batteries of Sam-7 heat-seeking missiles. The Pesh Merga (literally "those who face death") also have a variety of Chinese-made Doshka heavy machine-guns, mortars, and even small American artillery pieces. A fresh consignment of ultra-light Kalashnikovs manufactured in

The guerrillas have recently launched a series of attacks on major Iraqi bases. With a new Iranian offensive reported to be imminent—"the biggest so far," according to the Kurds—this represented a significant escalation in the fighting.

The Kurds were using heavy artillery pieces, sent by mule convoy from Iran, to shell the hearquarters of the 11th division in Zakho, one of the Iraqis' most important bases in Kurdistan. Its main task is to protect Iraq's international highway to Turkey and Europe, and the oil pipeline which daily carries 1.1m barrels, more than half the country's oil exports. The other major operational headquarters directed at countering Kurdish insurgency is in the oil town of Kirkuk.

The deployment of these new guns came as a surprise. They were originally expected to be in place by next spring, just after the snows had melted, enabling the rebels to hit much larger targets than hitherto. But three or four major camps have already come under attack, and the Iraqis will now probably be forced to withdraw troops from their more isolated bases.

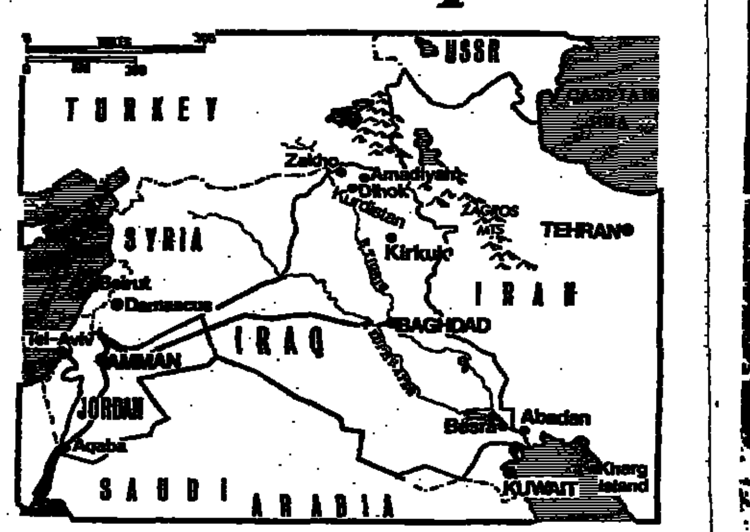
This new development underlines just how much the KDP's relationship to its major allies Iran, Syria and Libya—has improved during the past 12 months. In the past, weapon supplies have often been a problem for the KDP. Arms sent by Libya and Syria were frequently delayed in transit in Tehran, and even medical supplies were blocked until relatively recently. But an improvement in ties with the Iranian Government has apparently provided a smoother passage.

This has allowed the Kurds to dispense with the smuggler routes into northern Iraq from Syria, once the main channel for shipments of weapons and ammunition. The supply line through Iran is allowing the Kurds to expand their guerrilla army under conditions of greater security.

The northern front is already stretching Iraq's manpower reserves. Two of the country's seven armies are based in Kurdistan, with 160,000 men, including irregulars, according to the KDP. Most of them are engaged along the main front with Iran.

The rapidly expanding KDP, is believed to have more than 10,000 men under arms, and a militia capable of doubling that figure. There is also a rival Kurdish force — the Patriotic Union of Kurdistan (PUK)—which operates in eastern Kurdistan. Both want autonomy, and in recent years have fought against each other, but not since 1984.

In 1975 the KDP was almost destroyed when its last major revolt against Baghdad was crushed following the abrupt



withdrawal of support from Iran and the US.

The Iraqi army moved into Kurdistan in force, resettling several hundred thousand Kurds in the south and centre of the country. Many were killed and their homes, crops and livestock destroyed.

The group has since resurrected its cause — the main force of KDP guerrillas came across from Iran in 1982, although small units had entered Iraq six years earlier. These were the hard-core partisans from the late General Mullah Mustafa Barzani's irregular force. Kilometre by kilometre, they prized away the Iraqi hold on central Kurdistan.

Territorially, the land they police is not as extensive as it was in 1975, although in the next year or so it may reach that level. Operationally, though, their zones of combat appear larger. The Kurds are now prepared to launch attacks in the plains of northern Iraq, well away from the protection of the mountains.

These changes in the balance of power in northern Iraq have gone unreported so that Western analysts have tended to perceive the Gulf war mainly in terms of a military stalemate. From behind Iraqi lines, it becomes apparent that the Kurds are now a crucial element in the conflict.

Although the Kurds emphasise their independence inside the alliance with Ayatollah Khomeini's regime in Tehran, the recent improvement in this relationship has strengthened the KDP's position inside Kurdistan. Political observers speculate that any doubts the Iranians may have entertained about the KDP relationship have been swept aside by the increased Iraqi air raids on Iran's main oil terminal at Kharg Island.

Subdued festivities as Liberia returns to civilian rule

BY PETER BLACKBURN, RECENTLY IN MONROVIA

COLOURED lights decorate the monolithic Executive (presidential) Mansion and pennants line the main street of Monrovia but there is little feeling of festivity as Liberia returns to civilian rule after nearly six years under the military.

Gen Samuel Doe, who seized power in a bloody coup in April 1980, was sworn in as first president of the second republic yesterday after being proclaimed victor, with 51 per cent of the votes, in the country's first grass roots elections last October. His National Democratic Party of Liberia was also awarded 80 per cent of the seats in Congress.

But the results of the poll were widely believed to have been rigged and six of the 18 opposition legislators elect are unlikely to take their seats, according to Mr Emmett Harmon, chairman of the Special Elections Commission.

The 90 members of the House of Representatives and Senate were also sworn in yesterday.

Shortly after the election, there was an abortive coup attempt led by Gen Thomas Quiwonkpa as a result of which several hundred people were killed, according to estimates by local residents and observers. Several hundred more civilians and military are believed to have been detained without charge. No official totals of casualties or detainees have so far been released and a government spokesman described the reports as "grossly exaggerated rumours."

Gen Doe has described the coup attempt as a "tragic event" and a "great setback" and has spoken of the need for national reconciliation and unity.

In a recent state of the nation speech he said "we have always been prompted to practice the virtues of mercy and forgiveness." So far about 50 political prisoners have reportedly been released though leaders of the Liberia Action Party (Lap) are still being held with no date set for trial. They include the Lap chairman, Mr Jackson Doe, no relation of the head of State, and Mrs Ellen Johnson-Sirleaf who won a Senate seat in the election.

Among the changes due to be implemented under the new constitution inspired by the US model, to take effect from yesterday are:

Bail should be granted except in special cases. Civil courts will replace special military tribunals. Freedom of expression, thought and religion are also guaranteed. Decree 88A, which forbids criticism of the government is likely to be abolished.

● Democratic civilian government with separation of powers between executive, legislation and judiciary.

● Multiparty system: political parties may be freely established and laws setting up a one-party state shall be declared unconstitutional.

● Universal suffrage for all Liberians aged 18 or more and registered as voters.

The new constitution may be amended by a two - thirds majority of both houses of Congress.

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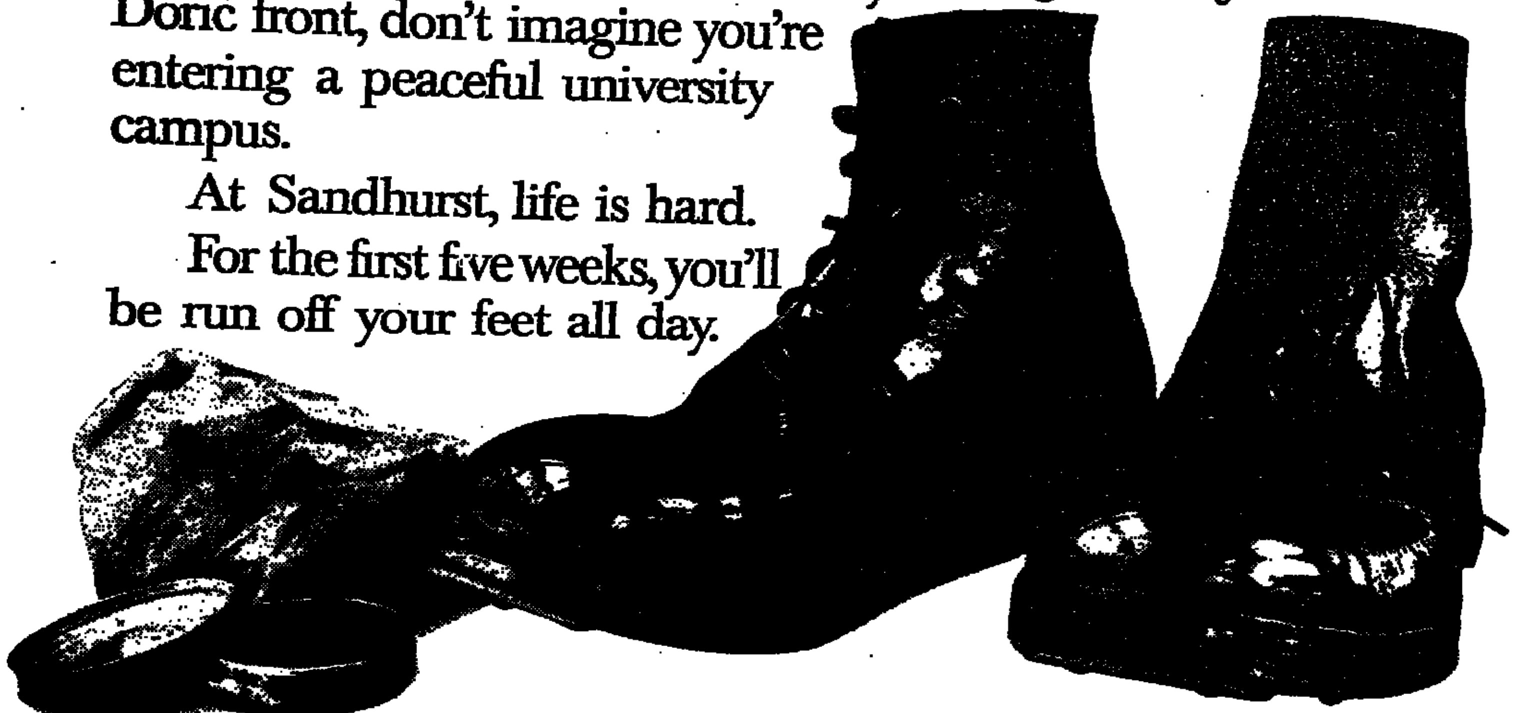

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Army Officer

WORLD TRADE NEWS

Hyundai wins S. Asian deals worth $246m

BY STEVEN B. BUTLER IN SEOUL

HYUNDAI Engineering and Construction, South Korea's largest construction group, has won contracts in Singapore and Manila worth a total of US$246m. (£174m).

The deals are the fruits of Hyundai's strenuous efforts to find sources of business outside the Middle East.

The company received a letter awarding the contract on December 31 from the Singapore Government to build jointly with Jurong Engineering of Singapore, the second terminal of Changi International Airport for a total of S$319.55m (£104.5m).

Hyundai said it would be responsible for 80 per cent of the work. The amount to be subcontracted to other Singapore companies was still being negotiated with the Singapore Government.

Singapore wants much of the work to be subcontracted to help spur the local economy, although such a move would be likely to cut sharply into Hyundai's profits

In another project, the S$540m Singapore marina centre, Hyundai is subcontracting about 40 per cent of the work.

Hyundai was also awarded a US$95m contract to build the Asian Development Bank's new headquarters in Manila. Construction will begin immediately and finish in two years.

Of the Korean construction groups, Hyundai alone last year was virtually untouched by the steep decline in business from the Middle East.

The company signed US$2.06bn worth of contracts in 1985.

In December, Hyundai became the first South Korean construction company to break into the Hong Kong market, with a US$27m contract to build the "tower" residential complex.

Washington and Seoul set to resume trade talks

BY OUR SEOUL CORRESPONDENT

TRADE TALKS between South Korea and the US are set to resume shortly in Washington, with the two sides fast approaching an agreement.

A news blackout was imposed on the talks in December in Seoul. However, details have slowly emerged which indicate that substantial concessions from the Koreans on opening the insurance market to foreign companies and protection of intellectual property have brought the negotiators close to an agreement. The main stumbling block is disagreement over timing, particularly over the protection of chemical patents.

The Koreans have, however, failed to achieve a principal goal in the talks—to obtain a guarantee that the US Government would block future Section 301 investigations into Korea's trade practices. To the domestic embarrassment of the Korean Government, the US this autumn launched two such investigations into the exclusion of foreign companies from Korea's insurance market and into the protection of intellectual property. Such investigations could lead to President Reagan imposing retaliatory measures.

US officials say the Government is unable to block the investigations if they are initiated through the private sector, and they expect a new 301 investigation into cigarettes and tobacco to be announced shortly.

The South Korean National Assembly this autumn failed to act on legislation which would have made it legal for Korean citizens to possess and smoke foreign cigarettes (it is currently illegal), and which would have given the government tobacco monopoly authority to buy foreign tobacco.

One US official said that proposed Korean legislation for protecting copyrights was as strong as any in Asia. There are indications the US may accept a delay in their implementation in exchange for a strengthening of the content.

French rail group awarded Cairo order

By Paul Betts in Paris

THE FRENCH railway engineering group Alsthom-Francorail, has won a FFr 770m (£71m) order from Egypt to supply 48 subway trains for the Cairo underground.

The order was made by the National Authority for Tunnels (NAT), which operates the Cairo underground system. The subway trains and related equipment will be supplied from next year for the second line of the Cairo underground, a project which also involves French construction companies.

The order, announced yesterday by Alsthom, the French heavy engineering group controlled by the nationalised Compagnie Generale d'Electricite, follows an order worth FFr 410m in 1979 for 52 subway trains for the first line of the Cairo underground system.

Alsthom is the lead member of Alsthom-Francorail which also includes De Dietrich, Ateliers du Nord de la France; Carel et Fouche, and Jeumont-Schneider, the railway and telecommunications subsidiary of the private Empain - Schneider group.

Alsthom said that the Egyptian company Semaf will take part in the manufacturing of the new underground equipment for the Cairo urban transit network.

UK exports of wool cloth and yarn rise 14%

By Anthony Moreton

BRITISH exports of wool cloth and yarns rose 14 per cent to a record £318m in the first 10 months of last year.

The improvement, according to the National Wool Textile Export Corporation yesterday, "was mainly due to increased ordering by markets in the Far East and Western Europe."

Japan took 5.18m sq m, a rise of a third over the corresponding months of 1984, and became the most import single overseas market for British manufacturers, just edging out the US.

Bob King reports on growing commercial dealings with China

Taiwan feels benefit of 'illicit' trade

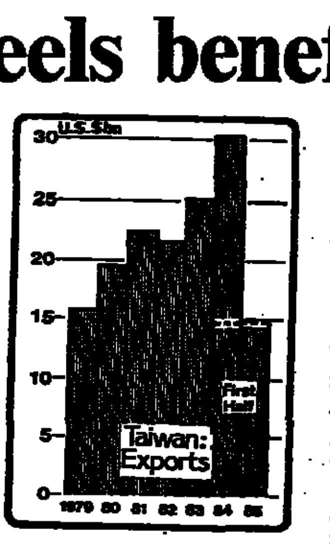
OFFICIALLY, THERE are no trade links between Taiwan and China. But canny Taiwanese businessmen and their Chinese counterparts have long known how to skirt the restrictions the Taiwan Government imposes on trade with the mainland.

In the first five months of 1985, indirect, two-way trade through Hong Kong alone reached nearly $500m compared with $554m for all of 1984.

Although no figures are available, Singapore is understood to be gaining favour as a trans-shipment centre for Taiwanese goods bound for the Chinese province of Fujian. This could add another $300m in Taiwan-China trade for 1985.

The trade is heavily in Taiwan's favour, with Chinese consumers clamouring for Taiwan's inexpensive goods. More than $430m in Taiwanese goods passed through Hong Kong to China in the first five months of last year. By contrast, Taiwan sold only $426m worth of goods through Hong Kong in all of 1984.

These figures do not take account of what foreign sources say are vessels full of Taiwanese goods that call directly at mainland ports such as Xiamen and Quanzhou. Some sources say that direct trade through Quanzhou—mostly inbound Taiwanese goods, but sometimes going from China to Taiwan—reached $30m in the first quarter of last year, and they predict the total for the whole year could reach $300m.



While demand undoubtedly remains high, curbs have been imposed on imports by Peking in the light of the trade imbalance. This bodes ill for those Taiwanese companies that have geared production to Chinese demand.

Trade has waxed and waned over the years despite a nominal state of war between the two sides. China has maintained for decades that Taiwan is an integral part of the People's Republic, while Taiwan rejects any offers from Peking for trade, communications, and other links as "sugar-coated poison."

After it formalised relations with the US in 1979, China began to soften its line toward its old adversary. Since then, Taiwanese traders have managed to circumvent Taiwan Government restrictions on trade with the mainland by going through third countries.

The Taiwan Government has normally looked the other way, although security agencies have occassionally arrested people for "dealing with the enemy." This summer, the Government said formally it would not interfere in such trade, as long as it was conducted through middlemen abroad.

Taiwanese traders have reacted predictably, though in a continued cautious manner, because security agencies have still made arrests despite the official policy of non-interference.

According to the Hong Kong customs office and businessmen in Taipei, China buys mostly consumer goods from Taiwan. Of these, the largest component is textiles, which represented almost a third of the value of the goods Taiwan shipped during the first five months. Electronics products, from pocket calculators to computers, also make up a significant part.

China offers Taiwan raw materials, herbal medicines, teas and regional products that Taiwanese consumers consider superior to local brands. Sometimes China attaches a political condition: intelligence analysts said some time ago that the Chinese had earmarked a significant stockpile of coal for Taiwan's power-generating plants at an extremely attractive price. The catch was that the coal had to go directly from Shanghai to Taiwanese ports.

From Peking's point of view, politics form a large part of the rationale for trading with Taiwan. The Chinese hope to be able to point to the exchange as a foil to Taipei's claims that its people have no wish to deal with the Communists.

According to the Taipei regime, Peking also wishes to enmesh Taiwan's manufacturers and traders in obligations that over the long term will ensure the development of some feelings of oneness with the Chinese on the mainland — and by extension with the Communist regime.

Taiwan's traders appear less concerned about the political ramifications than does their Government, especially in light of the recent slack demand in their traditional overseas markets. Many say candidly that trade and business should be kept separate from political questions, and many continue to expand their market presence in China, some with relatively high-grade products.

Several Taiwan companies manufacture small computer systems incorporating programmes that allow the user to punch in Chinese characters as well as the Western letters, for instance. The Chinese-character set used in Taiwan differs significantly from the simplified set used in China—and, as chance would have it, Singapore as well.

Some have modified their programmes to generate the simplified characters—"For the Singapore market, you understand," says one businessman, with a slight smile.

China presses ahead with Nanjing polyester plant

BY JOHN DAVIES IN FRANKFURT

THE CHINESE are pressing on with the next stage in construction of a polyester complex ordered from West Germany, after the start-up of the first stage in the project.

The polyester polycondensation plant, being erected at Yizheng, near Nanjing, was ordered seven years ago from Zimmer, a West German subsidiary of Davy, the UK-based process plant contractors and engineers.

In the DM 360m (£101m) deal, Zimmer contracted to supply know-how, engineering and equipment for three blocks with capacity to produce 1,600 tons a day of polyester polymer, an intermediate product used to make polyester fibres.

Zimmer also supervised construction and start-up of the first block.

The second stage, which is being constructed under the direction of the Yizheng Joint Corporation of the Chemical Fibre Industry, is expected to go on stream at the end of next year. The third stage, deferred when China scaled back some of the country's development plans in 1981, has not yet received the go-ahead.

The project was ordered as part of China's ambitious plans to step up synthetic fibres production.

Banks group lends $17.7m for video disc factory

A GROUP of banks has agreed to a $17.7m ,£12.6m) loan to a Chinese venture to enable it to set up a laser audio-visual disc system factory in Shenzhen Special Economic Zone, AP reports from Hong Kong.

Banque Nationale de Paris said that it. Nederlandsche Middenstandsbank and CCIC finance, which is partly backed by China, signed the agreement with Shenzhen International Trust and Investment Corp. The factory will be run by Shenzhen AST, the laser video company.

The loan, which will cover most of the $20m cost of setting up the factory, will be extended in two tranches over 5½ years. The first tranche will be made in the form of a letter of credit, which can be used to finance equipment purchases from Philips of the Netherlands. The balance will be available as a working capital advance, the bank said.

● Reuter reports: China has set up a central agency, the Shenzhen Electronics Group, to oversee 117 electronics companies, including 31 foreign joint ventures, in the Shenzhen Special Economic Zone near Hong Kong.

Gu Mu, state councillor responsible for the special zones, said the group aimed to improve exports, boost foreign exchange earnings and provide quality control.

UK pledges credit for Guangdong N-plant

By Our Trade Editor

A MEMORANDUM has been signed in Peking formally pledging British government credit backing for about £250m worth of orders being placed with GEC for a nuclear power station in China's southern province of Guangdong.

A syndicate of 10 banks is putting up an undisclosed sum which will be lent over 15 years.

But details of the financial memorandum were not given in the announcement yesterday by Mr Leon Brittan, Britain's Trade and Industry Secretary.

The credit will be backed by the state agency, the Export Credits Guarantee Department, suggesting that the UK will insure 85 per cent of the £250m prospective contract.

Further negotiations will be held in the special economic zone of Shenzhen, part of Guangdong province, where the Chinese and Hong Kong joint venture company that has ordered the power station is based.

A letter of intent is expected by March 1 and the final contract by the beginning of September this year.

The bank finance is being put together by Midland International, acting as "convener and paying agent" and led by Mr Brian Shepherd, executive director of Midland International trade services. The bank waived its arranging fee to get the mandate.

He and other bankers involved have—most unusually—been required by the UK Government to sign the Official Secrets Act while the long drawn-out negotiations with the Chinese continue.

Turkey may buy Tornados

TURKEY PLANS to buy 40 Tornado combat planes worth almost DM 4bn (£1.1bn), an official for the Panavia consortium which produces the aircraft said yesterday, Reuter reports from Munich.

But the official cautioned that the deal depended on the success of negotiations for a new Nato airbase in Turkey, costing up to DM 2bn, and talks could drag on for at least another year.

The Tornado is built jointly by Britain, West Germany and Italy.

Murdoch faces print site confrontation

BY HELEN HAGUE AND RAYMOND SNODDY

MR RUPERT MURDOCH, chairman of News International, will this week attempt to mastermind efforts to bring his new £100m printing plant at Wapping, east London, into production.

Mr Murdoch is believed to be determined to push ahead to a conclusion even if he has to face heavy picketing of the Wapping plant, which has been unused since it was built in 1979. The issue could come to a head as early as next week.

Two production unions, Sogat '82 and the National Graphical Association, are already gearing up to ballot their members across News International on possible industrial action. The Trades Union Congress (TUC) printing industries committee is scheduled to meet on Friday to discuss the latest developments.

Today leaders of the National Union of Journalists will address members at The Times and The Sunday Times on the breakdown of recognition negotiations at Wapping.

News International makes it clear that talks with four of the five traditional newspaper unions are considered to be at an end and are unlikely to be reopened. Early negotiations are now expected with the electricians union, the EETPU.

The union has already hinted that it is prepared to consider a single-union agreement at Wapping, which would flout formal advice from Mr Norman Willis, the TUC general secretary, not to break ranks with the other print unions at Wapping. Unlike other print unions, the EETPU has no ideological objection to a legally binding no-strike agreement – a key Murdoch demand.

The Wapping plant is ready to run and at present is staffed by electricians on short-term contracts. It is becoming increasingly clear that Mr Murdoch is unlikely to go ahead with plans to launch the London Post, a new evening newspaper scheduled for launch in March. Instead, Mr Murdoch plans to concentrate on moving some or all of his four national titles – the Sun, the News of the World, The Times, and The Sunday Times – to Wapping.

Such a decision would cause a dilemma for journalists who could be asked to co-operate with a printing operation at Wapping, which their own union would undoubtedly oppose. News International is bracing itself for a serious confrontation with unions and security is already high at the Wapping plant, with high perimeter fences and barbed wire.

Prisoner abandons hunger strike

By Our Belfast Correspondent

ONE OF THREE members of the Irish National Liberation Army (INLA) on hunger strike at the Maze Prison in Northern Ireland ended his fast last night.

The Northern Ireland Office confirmed that Robert Tohill, the first to begin the strike on December 19, had resumed eating. His action was seen as an indication that the hunger strike might be called off.

Tohill and two other prisoners, Garard Steenson and Thomas Power, are among the 27 men convicted in December on a total of almost 200 terrorist charges on the evidence of INLA informer Harry Kirkpatrick.

They had pledged to begin hunger strikes at weekly intervals until they were granted early appeals and received an assurance from the Government that it would end the practice of using uncorroborated evidence from informers.

Lord Gifford, who is a leading member of the International Association of Democratic Lawyers, visited Tohill yesterday. He said afterwards that Tohill had decided to suspend his fast because he now believed there would be an early appeal of his case. However, Lord Gifford said he was unaware of any assurances having been given

FORD, BL, VAUXHALL ARE BEST-SELLING MODELS

Japanese cars miss top listing

BY JOHN GRIFFITHS

FOR the first time in more than five years, no Japanese models featured in last year's list of the UK's top 10 best-selling cars.

Statistics published by the Society of Motor Manufacturers and Traders showed all top ten places occupied by Ford, BL or Vauxhall models – although in the case of some Ford and Vauxhall models these included imports from continental European plants.

The highest-placed traditional importer, in market-share terms, was Nissan – although its performance in both unit sales and market share terms deteriorated compared with 1984.

However, it expects to receive a boost this year from the start up in July of its Washington, Tyne and Wear, assembly plant to produce 24,000 units a year of a new medium saloon replacing the Stanza.

The share of the new car market taken last month by importers fell sharply by 49.86 per cent, compared with 60.55 per cent in December, 1984. But for the year as a whole the importers' share increased, to 58.11 per cent from 57.52 per cent in 1984.

The year's top 10 best sellers were: Ford Escort, 157,269; Vauxhall Cavalier, 134,335; Ford Fiesta, 124,143; Austin/MG Metro, 118,817; Ford Sierra, 101,642; Vauxhall Astra, 76,553, Austin/MG Montego, 73,955; Ford Orion, 65,363; Vauxhall Nova, 61,358; Austin/MG Maestro, 57,527.

● A record 1.832m new cars were sold in the UK last year, 2.27 per cent up on the previous peak of 1.79m set in 1983.

But the record was set against a background of continuing fierce price competition, financial incentives to dealers, and renewed calls from the Society of Motor Manufacturers and Traders (SMMT) for a further expansion of the market through the abolition of car tax.

SMMT statistics published yesterday showed an exceptionally strong finish to the year by Ford, its market share jumping to 38.14 per cent in December. That was about 2½ times the 14.25 per cent achieved by BL, which was demoted into third place in the sales league by Vauxhall/Opel, which took 14.83.

In the year overall, however, market leader Ford continued to lose ground, its share slipping to 26.50 per cent from 27.20, while unit sales were also marginally down at 485,620 (486,971).

Teachers may meet Acas on pay dispute

By David Brindle, Labour Staff

SENIOR OFFICIALS of the conciliation service Acas will today be standing by to meet teachers' union leaders to discuss the 11-month-old pay dispute in England and Wales.

The unions are due to meet to review the dispute and are expected to agree to see Acas – possibly as soon as later in the day. Sir Pat Lowry, the Acas chairman, and Mr Denis Boyd, chief conciliation officer, are believed to have made themselves available.

The teachers' employers, who have already agreed in principle to talk with Acas, are due to meet tomorrow and will arrange separate discussions with the conciliation service if the unions have decided to do so.

When the unions and the employers last met, in December, the management side said it could not improve its last pay offer worth 6.9 per cent this year and 7.5 per cent in a full year.

There is little optimism on either side that Acas can achieve a quick breakthrough in the dispute. Some union leaders feel they should explore the conciliation option only because it would otherwise appear bad in presentational terms

Takeover Panel amends bid timetable

BY CHARLES BATCHELOR

THE TAKEOVER PANEL, which supervises the conduct of takeover bids, yesterday closed a loophole in its rules which led last month to a row at the climax of Scottish & Newcastle Breweries' (S&N) unsuccessful £125m takeover bid for Matthew Brown, the brewer based in Blackburn, Lancashire.

In one of a series of amendments to the Takeover Code, the panel yesterday clarified the timetable applying to the final day of takeover bids. It made a clear distinction between the deadline for counting acceptances and for issuing an announcement.

Previously, the code had only specified 3.30 pm on the final day as the time by which an announcement of the level of acceptances had to be made.

In July the panel issued a two-paragraph statement intended to give more time for the bankers to count the level of acceptances.

It extended to 5pm the time by which an announcement had to be made, but left unclear whether the 90 minutes between 3.30pm and 5pm could be used solely for counting acceptances or whether further acceptances could be sought from shareholders in the period.

This led to confusion on the final day of S & N's bid for Matthew Brown on December 11 when Morgan Grenfell, S & N's adviser, won enough acceptances in the 90-minute period to tip the scales in S & N's favour.

A subsequent meeting of the full Takeover Panel ruled that the extra shares could not be counted and the bid was disallowed.

In the amendment, announced yesterday, rule 31.6 of the Takeover Code says the bidder may not take into account acceptances received or shares purchased after the last time for acceptances set out in its bid document. That time must be no later than 3pm. An announcement must be made by 5pm as to whether the bid has succeeded or failed.

Losses force closure of Sheffield newspaper

BY RAYMOND SNODDY

SHEFFIELD MORNING Telegraph, one of Britain's oldest daily newspapers, is to cease publication next month. The newspaper had been suffering increasing financial losses, and since 1960 circulation has fallen from 84,000 to its present figures of just over 30,000.

Mr Colin McNamee, managing director of Sheffield Newspapers, said yesterday that it became clear that there was no hope of saving the paper when leading estate agents indicated that they intended to withdraw their advertising support.

Last year, local estate agents contributed £1.8m in advertising revenue to the Morning Telegraph. Some of the most prominent have said they intend to support plans to set up a free property journal in the city.

Mr McNamee said Sheffield was not large enough to support the Morning Telegraph and the evening Sheffield Star. The closure of the Morning Telegraph, founded in 1855, on February 8 will cost 240 jobs. More than 100 people have already indicated willingness to accept redundancy terms.

One possibility is that the Yorkshire Post, which, like the Sheffield Telegraph, is owned by United Newspapers, might now set up a special South Yorkshire edition.

Sir Antony wins the diplomatic post he always wanted

BY FRANK GRAY

THE APPOINTMENT of Sir Antony Acland as British ambassador to Washington is unusual. Few of his predecessors have taken diplomatic posts abroad after being in charge of the foreign service.

The fact that he is being given the most senior diplomatic post in the British foreign service has come as welcome news to Sir Antony. He will remain as the Foreign and Commonwealth Office's Permanent Undersecretary until next September, at which time he will move to Washington to succeed Sir Oliver Wright.

Sir Antony said yesterday that the appointment to Washington was something he always "hoped I would be offered and have always wanted to do."

He emphasised that an eight-year stay as Permanent Undersecretary would simply be too long – he was appointed in 1982 – and not in the interests of the Foreign Office.

He will be 56 when he arrives in Washington and that should leave him four full years to make his mark in the US capital.

Stressing that "civil servants must be non-political," Sir Antony was circumspect on how he perceived the new position. But relationships between the two countries have probably never been so good since the Second World War. Sir Antony described them as "very close, very intense and very important."

Indeed, the general view in Washington is that the British ambassador potentially has greater access to the Administration than the leader of any other foreign mission.

Sir Antony acknowledged the importance of the State Department and White House link, but added that much could be gained through increased attention by the ambassador and his team on the benefits of better ties with Congress and lobby groups on Capitol Hill.

What probably is of paramount importance is how much of a free hand he will be given to use the authority of his position to state Britain's views on trade and political issues. He said yesterday that the role of ambassador was not just UK–US relations but often involved European and US relations, requiring strong input by the British mission on such issues as Nato and transatlantic trade matters.

It is felt that Sir Oliver to some extent has been hampered in his performance because of Mrs Margaret Thatcher's tendency to deal directly with President Ronald Reagan on matters of strategic importance.

Sir Antony questioned whether the Prime Minister's much-publicised antipathy to the Foreign Office, which reached its peak during the Falklands war in 1982, was in fact as deep as has been claimed.

"I have always found Foreign Office relations with No. 10 easy and marked by an ease of exchange of views," he said, adding that he has accompanied the Prime Minister on numerous foreign missions.

Since his appointment to the top position in the Foreign Office, Sir Antony has presided over some of the most momentous developments in the recent post-colonial period.

First of these was the conclusion of the Falklands war and the adjustments made within the Foreign Office after Lord Carrington's resignation as Foreign Secretary and Mr Francis Pym's controversial tenure as his successor.

The Hong Kong accord to return the colony to Chinese sovereignty followed and more recently there has been the reopening of the Gibraltar-Spanish border. The last development was particularly satisfying for Sir Antony as he was ambassador to Madrid between 1977 and 1979.

Perhaps above all, Sir Antony will bring to Washington a deep knowledge of Middle Eastern affairs, an area that has become an overriding preoccupation of US foreign policy in recent years.

A political officer in Dubai and Kuwait in the 1950s, he became in 1968 assistant head of the Near Eastern and Arabian Department of the Foreign Office. He was appointed head of the Arabian department in 1970.

Sir Antony acknowledged that there were gaps in his Foreign Office experience. He has not served in Africa, though he has made a point of travelling extensively in Africa in recent years.

He admits too that the US is a vastly different place from the country where he was based in the early 1960s as First Secretary in the UK mission to the UN in New York.

UK NEWS

Price war generates substantial rise in package tour sales

BY NICK BUNKER

LEADING TOUR operators are reporting sustained increase in package holiday sales in the aftermath of the price war that began last October.

Thomson, the market leader, said yesterday that it had already sold 800,000 holidays for the 1986 summer season, about four times the number sold by early January last year.

Intasun, its key rival and the second-largest operator, sold 51,000 holidays last week alone. Its total sales so far of 500,000 holidays are three times greater than at the same time in 1985. Both companies report a strong revival of Spain as the favourite destination.

In spite of a slowdown in activity in the few weeks leading up to Christmas, both companies were confident yesterday that the strategy of expanding capacity and cutting prices by an average of 17 per cent had been successful.

Intasun has raised its capacity for 1986 to about 1.75m holidays. "We hope to sell all of them, but how soon we don't know," the company said. Sales for summer 1985 reached about 1m.

Thomson – the company which caused turmoil in the industry when it began the price war last autumn – had by Christmas increased its capacity to 2.25m holidays. It expects to achieve that figure in sales. A typical Thomson family holiday in the Mediterranean in mid-1986 will be about £50 cheaper than in 1985.

It is not yet clear how far the surge upward in sales for the two biggest companies – partly attributed by both to last year's poor British summer weather – has been at the expense of their smaller competitors.

Celltech heads for profit

BY DAVID FISHLOCK, SCIENCE EDITOR

CELLTECH, the British biotechnology company set up by the National Enterprise Board with substantial City of London backing five years ago, should make its first profit in 1987.

Mr John Jackson, Celltech's chairman, said yesterday the company had already achieved "a quite credible and creditable track record". Celltech is an experimental company set up to tap academic research in biology and transfer it quickly into novel commercial products and services. The company doubled its turnover, to £3.2m for the year to last September.

Charity criticises bank charges

By George Graham

CLEARING banks came under attack yesterday for charging too much for charities' bank accounts. Mr Ian Ross, UK national director of the charity International Christian Relief, criticised the banks for making "massive charges" to charities at the same time that they were offering free banking to personal customers in credit.

"It makes me feel sick when I see these signs saying free banking," Mr Ross said. "If you are a millionaire and have a private bank account, you don't pay a thing. But if you are a charity trying to feed people in Africa you have to pay these charges."

International Christian Relief received donations of about £1.3m last year and maintains average balances of between £80,000 and £90,000 on deposit. It is paying £1,200 a month in charges to its bank, National Westminster.

"We could feed an awful lot of refugees with £1,200," Mr Ross said.

A NatWest spokesman said that it was the bank's policy to try to recover costs on charitable bank accounts and that it did not seek to make any profit from charities.

Most banks leave the question of charges on charities' accounts to the discretion of branch managers. Small local charities are usually treated as personal customers. Larger charities create greater costs for the banks.

Electrical sector sees Currys become a hotter competitor

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

CURRYS, the electrical stores chain acquired by Dixons for £240m just over a year ago after a bitter takeover campaign, is expected by the electrical trade to become one of the sector's star performers this year, helped by the injection of aggressive new management by Dixons.

Yet Mr Terry Curry, the joint managing director ousted with five other members of the Curry family shortly after the takeover, bears no lasting grudges against the company which ended the family's control of the chain in its centenary year.

"Certainly it was all very traumatic at the time," admits Mr Curry, "but that is all water under the bridge now."

Mr Curry, who fought vigorously against the Dixons takeover, has subsequently become the non-executive chairman of the Glasgow-based Clydesdale Retail chain, of about 100 electrical shops in Scotland and the north of England.

He says it was not a deliberate decision to stay in electrical retailing but adds, "Obviously my experience was a major asset for Clydesdale." He is keen to develop his expertise into other forms of retailing and is considering non-executive roles with a number of retailers.

The years of grappling with fickle consumer demand for electrical appliances are hard to shake off for Mr Curry and his relatives. The other joint managing director, Mr Michael Curry, is understood to be looking at the possibility of a small electrical retail venture while another director, Mr Richard Curry, is involved with a small electrical company called Merrow Sound.

Mr Terry Curry maintains, however, that the prospect of the family getting together to start an electrical chain is not high.

The Dixons takeover led to a number of other board members and senior executives leaving the company. Mr Colin Sandford, the former Currys commercial director, is now with the Visionhire television rental chain. Electronic Rentals, which trades as Visionhire, acquired the former Currys rental chain, Carousel Colourhire, from Dixons for £28m earlier this year.

Of the pre-takeover Currys Group board, only Mr Roger Dickinson retains a directorship. He is now distribution director of Currys, a subsidiary of the Dixons Group.

Mr Terry Willcox, previously property manager of Currys, is now on the Currys board as estates director.

The outflow of senior Currys executives and inflow of Dixons managers after the takeover is generally regarded in the City of London as beneficial. It is felt that the old-style Currys operation was not exploiting the potential of the business – especially its strong image – and was slow in reacting to changing market conditions and new competition.

Dixons, in contrast, had developed from its base as a chain of photographic shops into a fast-growing electronics and electrical retail chain.

Although it initially considered amalgamating the Currys operation into Dixons, it decided to keep the two chains separate because they appealed to different types of consumer. Dixons' typical customer is young and male and ultra-enthusiastic about technical developments. Currys' customers were more downmarket and family oriented.

Dixons is now embarking on a refurbishment and redesign programme for the 580 Currys stores it acquired. It is also bringing in electronic point-of-sale terminals to speed stock control and is improving the branding of Currys products. Currys now has its own range of televisions, video cassette recorders and audio equipment, which it markets under the name of Matsui.

Both City and trade experts are looking to the Currys operation to provide much of the growth for the Dixons Group over the next few years. "It is rapidly becoming a much stronger competitor in a very competitive market," says a rival electrical retail chief.

Competitors include the Rumbelows chain, owned by Thorn-EMI, Woolworth's Comet stores and Sir Phil Harris's Ultimate electrical stores.

Even Mr Terry Curry admits that the new-look Currys stores are "bright and lively", although he still maintains: "We felt our customers and shareholders would be better off if such changes were made by the traditional management – which is why we fought the Dixons takeover."

Work schemes begin for long-term jobless

BY HAZEL DUFFY

ABOUT 40,000 long-term unemployed in nine areas of Britain will today qualify for a £20-a-week special allowance from the state as long as they can find a job and that the job pays less than £80 a week.

The "job start" scheme is a pilot project aimed at giving the long-term unemployed – those who have been without a job for a year and more – the chance to get back into work.

It will operate for six months in nine areas where unemployment rates range from 5.3 per cent to 20.4 per cent. The areas have been chosen deliberately to give a wide spread of unemployment features in an attempt to determine whether the scheme would be worth extending.

In the Crawley area of Surrey, south of London, about a quarter of the unemployed have been without a job for a year or more, while in the Billingham area of Teesside, in north-east England, the figure is nearly a half. Other areas in the project are Preston, Stoke-on-Trent and Huddersfield in the north of England; Dundee, Scotland; Port Talbot and Neath in South Wales; Plymouth in south-west England; and Ealing, west London.

Between 1.3m and 1.4m people come into the long-term unemployed category, most of whom find it particularly difficult to overcome the reluctance of employers to take on people whose skills are dating out of date.

Lord Young, Employment Secretary, has given a warning that Britain could become a "two-tier" society in which the long-term unemployed would become increasingly unemployable and the employable in increasingly short supply, the latter substantiated by the trend towards the growth in unfilled vacancies.

Recipients of the £20-a-week allowance will not have to tell their employers – the payment will be made to them directly. Nor will they be liable for National Insurance contributions on the allowance, or lose family and housing benefits. This is to encourage people with relatively high benefits to decide that it does pay them to be in work.

In addition to the allowance, recipients will be entitled to a package of help including counselling and training on a Manpower Services Commission course, or a special short course to help to update skills. Contact with all the long-term unemployed in the nine areas has been made by local Jobcentres.

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Amro Bank	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Citibank NA	11½%	Royal Trust Co. Canada	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	*11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
§ Demand dep. 8%. Mortgage 13%.

Millers face 25% costs rise

By Andrew Gowers

LAST YEAR'S poor-quality UK wheat harvest looks likely to push up the raw material costs of the flour milling industry by at least £100m, or 25 per cent, this season, according to the industry's estimates.

The flour millers, which include companies like Ranks Hovis McDougall, Allied Mills and Spillers, were expecting their costs to rise sharply after last summer's bad weather.

That rendered a large proportion of the wheat crop unsuitable for bread-making and forced them to buy increased amounts from continental Europe and from outside the EEC.

They have been hit further over the last few months, however, by increases in the Community levy on imports from third countries, which are now expected to average more than £80 a tonne for the 1985-86 crop year as a whole.

As a result, flour prices – which rose by about £30 a tonne, or 12 per cent, in the autumn – are increasing by another £10 (4 per cent) in mid-January.

Bread prices are also expected to rise further this month.

UK imports of wheat are running at double their level in the 1984-85 season and are expected to total well over 1.6m tonnes for the year.

Millers say they have contracted to buy adequate quantities of French and other EEC wheat to supplement what they can obtain in Britain, as well as Canadian and – for the first time in more than a decade – Australian grain.

They have also made technical advances which have enabled them to use UK wheat of lower quality than they would have been able to process in previous years.

They are still having great difficulty, however, in obtaining sufficient quantities of home-grown wheat of the right quality, and the price of British supplies is significantly higher than they anticipated.

They are also worried that the French crop may have been oversold, which could lead to difficulties later in the season; and a poor Canadian harvest has driven up prices there.

"The cost implications [of the poor UK harvest] have been at least as great as originally anticipated and the technical difficulties sometimes greater," said one industry official.

The millers' biggest concern is the level of EEC import levies, which are expected to total at least £100m this year.

Late last year the industry made strong but unsuccessful representations to Mr Michael Jopling, the Agriculture Minister, and to the European Commission, with a view to obtaining exemption from levies for a year.

Electricity costs for big users reviewed

BY MAURICE SAMUELSON

THE BRITISH electricity industry confirmed yesterday that it was looking at ways of easing the burden of some of its industrial customers that pay more for electricity than their competitors in Europe.

Mr Philip Jones, chairman of the Electricity Council, said the problem was being examined by the electricity and coal industries and that the ability to help the high-load consumers would depend on the availability of cheaper British coal.

His remarks, at the monthly Coal Industry Society lunch in London, follow reports that last month's Electricity Council meeting agreed in principle to a deal whereby a special tranche of coal would be converted into electricity for a group of high-load consumers that pay more than competitors in Europe.

It is understood that the National Coal Board would supply power stations with 4m tonnes of coal a year dedicated to cheaper electricity for a group of large industrial sites using round-the-clock industrial processes which cannot take advantage of cheaper night-time tariffs.

The beneficiaries would benefit large companies in energy-intensive industries such as glass, chemicals, plastics and steel.

The chemical industry, for example, claims that the electricity used to make chlorine in the UK costs 16 to 20 per cent more than in France, West Germany or Italy. While UK manufacturers pay £25 to £27 per megawatt, continental European plants pay £18 to £20.

The "dedicated" tonnages would be added to the so-called second tranche of coal, related to lower world prices, which forms part of the electricity industry's annual order from the National Coal Board. The target now "should be to increase the amount of this second tranche coal... until it represents the bulk of our supplies."

He said the electricity supply industry now looked forward to a sustained period of stability and steady progress. "Given stable conditions and realistic generation costs, electricity has an exciting and expanding future."

Earnings rise by 2% in third quarter

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

AVERAGE LIVING standards in Britain rose slightly in the third quarter of last year but company profitability was hit by a fall in returns from the North Sea.

The Central Statistical Office (CSO) said yesterday that real – or inflation-adjusted – personal disposable income increased by 0.2 per cent in the three months to September to stand 2.5 per cent above that of a year earlier.

The rise in spending power reflects the continued strong growth in the average earnings of people in work, which have consistently run well ahead of the inflation rate over the past few years.

Latest figures show that total wages and salaries increased by 2 per cent in the third quarter of the year to stand 9½ per cent higher than a year earlier. This more than compensated for inflation and higher tax payments.

Living standards have been rising steadily since the beginning of 1983 after showing a sharp drop during the economic recession two years earlier.

In 1986 the Government is expecting even faster growth in real personal disposable income as the inflation rate falls and earnings remain buoyant. The Treasury is predicting that this will give rise to a 4 per cent rise in the volume of consumer spending, which in turn should sustain the present economic recovery.

In separate figures on company profitability the CSO said that average profits for UK industrial and commercial companies, net of stock appreciation, fell by an estimated 2 per cent in the third quarter of 1985. The fall, however, was a result of lower profits from North Sea oil operations, reflecting the lower world oil price and sterling's appreciation against the dollar.

If North Sea companies are excluded, profits rose by 4 per cent between the latest two quarters to stand some 22 per cent higher than a year earlier. Part of that increase reflects the transfer of British Telecom to the private sector, but even if BT is excluded, profits were 13 per cent higher in the three months to September than in the comparable 1984 period.

In contrast, the profits of North Sea oil companies in the third quarter were 15 per cent lower than a year earlier.

Shop sales hit record

BY OUR ECONOMICS CORRESPONDENT

RETAIL CREDIT fell back in November from the high levels seen in previous months, but shop sales none the less staged a sharp recovery to reach record levels.

Official figures released yesterday by the Department of Trade and Industry show that new credit extended by finance houses, retailers and other specialist organisations totalled £1.05bn during the month, down from £1.15bn in October.

Over the three months to November, however, the amount of credit extended was 3 per cent higher than in the previous three months. The figures exclude loans granted by banks and their associated credit card organisations.

The fall in specialist credit in November had no discernible impact on turnover in shops. Separate figures from the department show that after a series of dull months the volume of retail sales rose by 3.1 per cent in November.

That took the overall level of business back to the record levels seen last summer and indications from retailers suggest a further increase last month.

NOTICE OF REDEMPTION

Carolina Power & Light Finance N.V.

U.S. $60,000,000
16⅞% Guaranteed Notes
Due February 15, 1989

Notice is hereby given that Carolina Power & Light Finance N.V. has elected to redeem all of its outstanding 16⅞% Guaranteed Notes Due February 15, 1989 (the "Notes") on February 15, 1986, (the "Redemption Date") at the redemption price of 101½% of their principal amount, in the amount of US $1,015 per US $1,000 Bond (the "Redemption Price").

On February 15, 1986 the Redemption Price will become due and payable upon all Notes, and interest thereon shall cease to accrue on and after said date. Coupons due February 15, 1986 or prior thereto will be paid in the usual manner.

All Notes, together with all coupons appertaining thereto maturing on or after February 15, 1987, are to be surrendered for payment of the Redemption Price at the Corporate Trust Office of Bankers Trust Company in the Borough of Manhattan, The City of New York, or at the main offices of 1) Bankers Trust Company in London, 2) Bankers Trust Company in Paris, 3) Bankers Trust GmbH in Frankfurt am Main, 4) Bankers Trust A.G. in Zurich, 5) Banque de Benelux S.A. in Brussels and 6) Banque Indosuez Luxembourg, in Luxembourg. The Notes will be payable on or after February 15, 1986 at any one of the paying agents listed above.

Carolina Power & Light Finance N.V.
By: Bankers Trust Company
as Trustee

January 7, 1986

Sir Michael Edwardes is looking for ways of restoring a troubled battery making group to full health. **John Griffiths** reports

Trying to put the spark back in Chloride's performance

AN URGENT review of operations in Chloride, the troubled UK batteries group, has begun under the control of Sir Michael Edwardes.

Chloride's UK operations are the prime target of what is expected to be a stringent overhaul aimed at cutting costs and improving margins.

Sir Michael, who built Chloride into one of the world's biggest battery makers during his tenure as chairman until he moved to BL in 1978, returned to Chloride as its non-executive chairman in 1982.

His review is being conducted from a temporary office at Chloride's London headquarters following the group's profitless first half and the departure in early December—at the board's request—of Mr Ken Hodgson, its chief executive.

Sir Michael has taken on the chief executive's role as well, at least temporarily, for the duration of the review.

One reason for the focus on UK operations is that Chloride's productivity improvements have failed to keep pace with some rivals.

Another is that the UK operations, which account for about 70 per cent of Chloride's revenue in Europe, have significant tax losses available to them—so that profits can go straight to the bottom line."

Its profitable operations in developing countries, which have been propping up Chloride, are subject to substantial tax charges. These totalled £5.1m in the recently announced first-half results in which Chloride disclosed nil profits compared with £5.4m pre-tax in the same period last year.

Sir Michael has warned that in spite of the sale of its troubled US motor batteries subsidiary in September, the second-half results are unlikely to improve on the £8.8m achieved last year.

Insiders at the company expect nothing will be sacrosanct in Sir Michael's review.

To some extent, however, Chloride is suffering from problems shared with battery manufacturers worldwide.

About 50 per cent of its revenue comes from the automotive sector, which absorbs between 160m and 170m batteries a year. Apart from developing markets such as India—where Chloride's most financially successful subsidiary is based — there is substantial over-capacity, particularly in Europe.

Chloride is the world's largest producer of motive power batteries used for propelling fork lift trucks, milk floats — a phenomenon unique to Britain, which has 25,000— and a growing number of light commercials used for urban delivery. Sales and margins on these are better but they account for only about 20 per cent of Chloride's turnover.

'Even Chloride executives admit their marketing techniques need a bit of sharpening'

Batteries for the electronics sector account for 20 per cent and are seen as an important growth area. The electronics industry itself is highly competitive and margins are under pressure.

The other 10 per cent is accounted for by standby power storage and the defence industry. Both offer growth potential, particularly in the US, where the market for standby power installations is huge. Much of Chloride's ability to benefit from this source depends on its success in developing a new superbattery using sodium and sulphur as the electrodes.

Chloride has two European vehicle battery plants — at Dagenham, serving primarily the British market, and Aalborg in Denmark.

Market shares are closely guarded. In the UK Chloride holds second place behind Hawker-Siddeley's Oldham, Crompton and Tungstone brands with Lucas third. In Europe overall, it lies fifth behind Varta of West Germany, the market leader; GCE of France, using the Fulmen brand name; Tudor of Spain; and Magneti and Mareli of Italy.

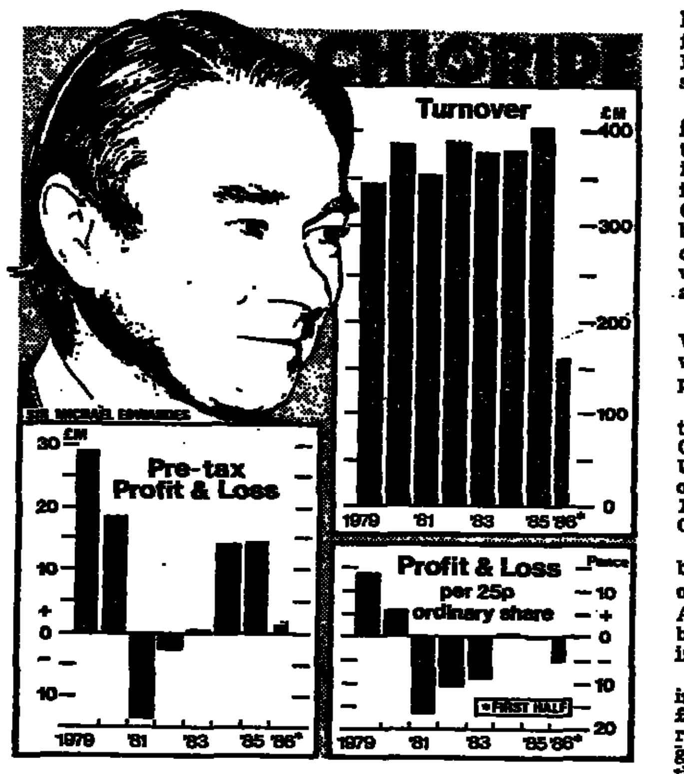
Competition in Europe has increased considerably in the past few years, notably from General Motors. GM has installed a new AC Delco battery plant in France to supply all its car plants in Europe — and added significantly to European overcapacity, estimated by Chloride at about 40 per cent.

This has had an impact on the UK because of the revival of Vauxhall, GM's UK subsidiary. In 1981 Vauxhall's UK market share had fallen to about 8 per cent.

However, it is now nearly 18 per cent, or about 300,000 units a year — none of which provides business for Chloride as all Vauxhall's batteries are supplied by AC Delco. Previously, Chloride had shared Vauxhall's business with Lucas.

Chloride also shared BL's car business with Lucas. But in 1981, believing its suppliers would be helped by longer production runs, BL switched its car battery sourcing exclusively to Lucas—a loss to Chloride of half the 220,000-230,000 units a year. Since then, BL's fortunes have improved to reach an output of more than 400,000 cars a year.

Chloride has been trying to compensate in the aftermarket or replacement battery business. Progress has been slow and even Chloride executives are admitting their marketing techniques need sharpening.



There are compensations: Chloride remains principal supplier to the UK's main commercial vehicle manufacturers—Ford, Leyland Vehicles and GM's Bedford trucks subsidiary (as well as some Ford cars).

Commercial vehicle batteries are more profitable than those for cars. But with Fulmen and Varta making inroads into the car aftermarket, and some imports appearing from Japan, Chloride has a stiff task in rolling back the competition.

Productivity at Dagenham is on a par with the best levels of the late 1970s before the second oil crisis. However, the pressures on the industry throughout Europe — a 40m-units-a-year market — are unrelenting.

Chloride has taken a number of measures to improve productivity, including the closure of its central distribution warehouse in the Midlands and its rationalisation within Dagenham. However, the momentum of improvements, Chloride executives acknowledge, has been lost.

The aftermarket is also undergoing considerable change with the emergence of large, independent aftermarket outlets such as B & Q's and Halfords superstores, and Kwik-Fit Euro, all capable of exerting significant pressure on margins.

One of the biggest problems for Chloride, however, has been the US subsidiary, which used its own design and manufacturing methods to introduce Chloride's Torquestarter car battery, which uses new "recombination" technology in which the eltctrolyte fluid is absorbed in fluffy glass paper.

The result was disastrous. Warranty claims flooded in, worth £3.3m in one six-month period.

The US subsidiary modified the design but in August Chloride sold the loss-making US company to Dunlop Olympic of Australia, which has a 14.9 per cent holding in Chloride.

The deal involved Dunlop buying not only the US auto operation, embracing plants in Australasia, Canada and Mexico, but also motive power activities in these zones.

It relieved Chloride of £21m in borrowing and provided £34m in cash, also used to reduce borrowings and reduce gearing from 75 per cent to less than 35. Chloride has retained its standby power and electronics businesses in the US, not least because one of its great hopes for the future is its sodium-sulphur battery technology.

Chloride Silent Power, a joint company with the UK Electricity Council, has been developing a sodium-sulphur unit since 1968 with Department of Trade and Industry backing. It may be paying off. Chloride is cautiously predicting that commercial production of the new battery, with four times the energy density of lead acid batteries, will begin early in the 1990s.

Its cells, the size of torch batteries, mean it should be applicable equally to standby power storage or vehicles. US energy agencies have just awarded CSP two contracts worth $16m to develop further its standby storage applications, indicating that the Americans believe Chloride leads Brown-Boveri and Hitachi, two rivals developing the technology.

The first trials in vehicles, Bedford CF vans, will also start next year and while the market for road-going electric vehicles is small, Bedford's GM parent has identified 3m vehicles in the US, mostly light commercials on urban delivery work, which are potential candidates for conversion to electric power, particularly if a superbattery could be found.

The sodium-sulpur unit appears capable of jumping a big psychological hurdle among light commercial vehicles operators against battery vehicles—the fact that models have a range of only about 50 miles before needing recharging. The sodium-sulphur unit is expected to lift the range to 150 miles.

'A step forward in technology is not an automatic generator of extra revenue'

However, Chloride has learned with the Torquestarter that a distinct step forward in technology is not an automatic generator of extra revenue. This battery is immune to vibration and other hazards. Chloride made the point at its launch by shooting bullets through it to demonstrate it would still work.

It is about 20 per cent lighter than a conventional car battery and, being sealed for life, can be tucked away anywhere. Chloride figured it had to be a winner as an original equipment fitment. Yet three years on, it has yet to sign a supply agreement with any manufacturer.

However, it is at last starting to make progress in the aftermarket, which is three times larger than that for original equipment, in spite of being at the top end of the premium price range and lacking the automatic sales stimulus which comes from installation as original equipment.

Dagenham was Chloride's last plant to put it into production. Indeed, there was some criticism that the UK operation had been "dragging its heels" on bringing it on stream.

The defence was that, given the US problems, its design and production methods had to be perfected. Chloride says, in fact, that warranty claims for the UK-built batteries are no higher than on its conventional batteries, and that aftermarket demand is starting to exceed the initial capacity installed. As a result, more capacity is being put in.

There remains the need to be more competitive on costs, and consequently prices, particularly if the original equipment business is to be regained. How this might be achieved is of great concern not just to Sir Michael but to the 700 employed at the Dagenham plant and, to a lesser extent, to the total of 4,000 workers spread through all Chloride's UK operations and its 11,500 employees worldwide.

Quite where surgery may begin remains unclear for Chloride also has a diversity of operations ranging over machine tools, plastics mouldings and systems apart from its three main battery sectors.

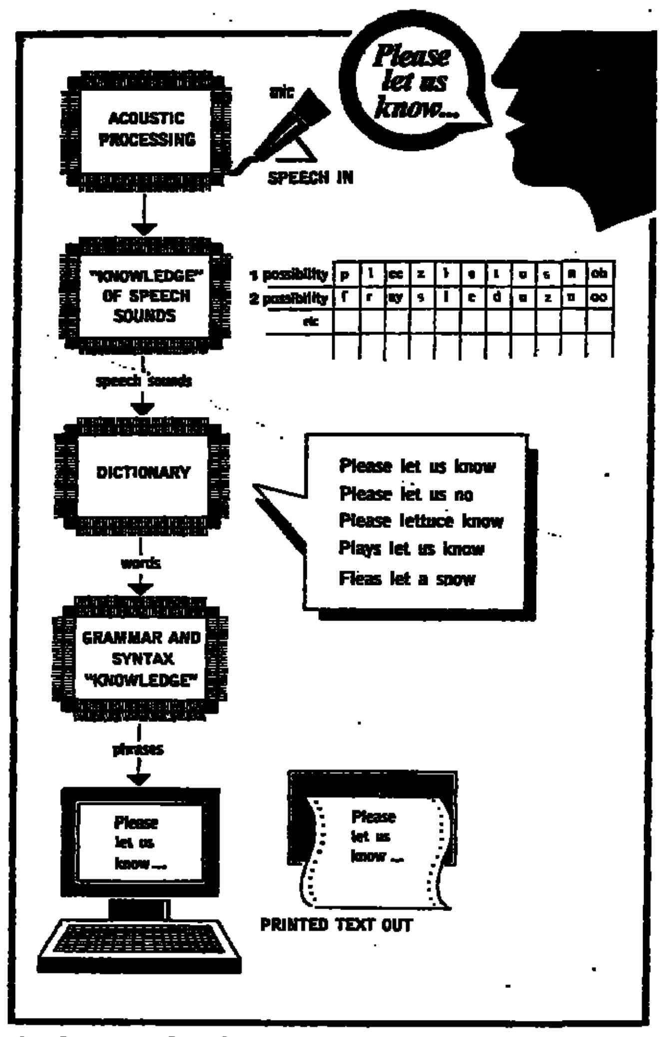
No one doubts, however, that Sir Michael will take swift and concrete action.

It is likely to be well under way before a successor to Mr Hodgson is appointed.

TECHNOLOGY

Geoffrey Charlish on the race to develop a listening word processor

Making sense out of the spoken word



THE RACE is on to see which of the world's research groups will be first with a system that turns continuous speech into text with an acceptable degree of perfection following agreements worth £14m between the Alvey Directorate and a group led by Plessey.

Dr Keith Warren, Plessey's director of technology and strategic planning, says: "We will be working with Edinburgh and Loughborough universities and Imperial College in London to develop a system that accepts and responds to normal connected speech.

"The words spoken will be displayed on a screen that permits correction and editing before printing."

Plessey is putting £4.1m of its own money into the project, the main aim of which is to produce a listening word processor.

But Dr Warren emphasises that speech recognition is applicable to many products that Plessey and other companies make, so that even if IBM, for example, were first, the research would be of great value to British industry as a whole.

It is intended to license the technology widely so that other software providers can create and market programs that use it. A high level of support and liaison is planned with licensees.

The device will make use of so-called "fifth generation" computing, implying a machine more powerful than the present "super minicomputers" and enabling the speech software to be developed more easily.

To muster enough instantaneous power to process the large amount of information involved in continuously-processed speech signals, "parallel processing" will be used on in which a number of computers are brought to bear on the problem at the same time.

Plessey says that speech recognition techniques used will go well beyond the mere audio pattern matching used by many of the available systems. In pattern matching, an electronic "image" of the uttered sound is rapidly compared with a number of "audio templates" that are produced when the speaker teaches the machine during an initial run.

Many systems on the market will recognise only words uttered quite separately. Indeed, that is all they are required to do in simple industrial applications such as directing packages in warehouses.

The Alvey project will use more sophisticated signal processing and subsequent computing to allow normal, connected speech to be recognised to a high level of accuracy, leaving only minor corrections to be made on a screen before conversion to printed text.

A conventional processor will be used at the input of the machine to convert speech sounds into electrically coded signals suitable for subsequent processing. Speech analysis will be carried out in a number of stages simultaneously by the parallel processors, each looking at some recognitive aspect of speech. They will compare the coded signals with the machine's stored knowledge base to find not just matching words, but phrases and sentences as well.

In each case the machine will make an estimate of the best or nearest matches before screen presentation. It will at the same time adapt its program to take account of any corrections made by the user—it will become more accurate with time by learning from experience.

The program is already under way and a vocabulary of about 4,000 words has been achieved. Plessey expects complete systems to be available by 1990.

Under the Alvey program, Plessey will develop the necessary processors and will commit them to "chips" in order to minimise the bulk of the machine.

Research into language, both natural English and programming languages like LISP, will be carried out at Edinburgh University and Imperial College. The ergonomic aspects of using machines of this kind will be examined by Loughborough University.

Work on natural English will be largely concerned with developing a knowledge of its structure, syntax and phonetics in a form suitable for use by a computer. This experience will be used to generate a knowledge-based "expert" system.

The Plessey grouping is not alone in pursuing speech recognition using an intelligent knowledge-based system. British Telecom, in conjunction with Logica and Cambridge University, has Alvey funding in a three-year programme to build a train timetable enquiry system.

In the marketplace it is assumed will arise from these products. developments at IBM will inevitably be crucial. The corporation has already revealed development work on a system that can recognise sentences composed from a 5,000-word business vocabulary, with 95 per cent accuracy. But the speaker must not run his words together and to date, IBM has not mentioned expert systems.

In addition, work has been going on for some time at the Government's Joint Speech Research Unit and several US and Japanese companies have research programmes.

Already, Logica's Logos system, Marconi's SR-128X, and equipments from Verbex and Votan in the US can cope with connected speech, albeit with restricted vocabulary.

The demand for office speech-to-text, however, remains indistinct. Not many people can speak the written word and in the US for example, many executives are accustomed to keyboards.

Matter of honour over Baird as TV celebrates 50 years

Video & Film

By JOHN CHITTOCK

IF THE public is now rather tired of reading about satellite television, direct broadcast satellites, cable TV and all the other wonders of electronic-imaging, then 1986 is going to be a bad year. Before the 12 months are through, media coverage of television could be even greater.

The good news, however, is that this coverage may be much more fascinating than the new technologies of television because it will be about the past—with the anecdotes and the tales and the hindsight which so often make history more comfortable and enjoyable than futurology. On November 2 1986, Britain will be celebrating the 50th anniversary of the world's first regular public television service—and the run up to this anniversary will be producing a crop of exhibitions, programmes, articles and events.

Although the official date of the half century is November 2, some public transmissions had started on August 26 at the RadiOlympia exhibition. And earlier trials of a crude 30 line system had run from August 1932 to September 1935.

These initial transmissions used the Baird mechanical television system, which was to be challenged in November 1936 by the superior electronic technology pioneered by Marconi-EMI and which survives in essence today.

Events leading up to this landmark in social history were, to put it in the most gentlemanly way, controversial. And strangely, the controversy still smoulders on today. In the 1930s, the controversy was over which system the nation should use—Baird's, which relied on mechanical scanning of the camera image; or EMI's, which used electronic scanning. Today, the row has shifted to a matter of honour—was John Logie Baird, in fact, the "inventor" of television?

Without doubt, Baird was the first to demonstrate moving pictures transmitted by electrical means, and his workshop where many VIPs were taken to witness the marvel still exists—now Bianchi's restaurant in Frith Street, London, with a plaque to commemorate the man.

Baird was a prolific inventor. He was the first to make a video disc system which became available (briefly) to the public in 1935. he employed larger screen television to bring live coverage to the Derby in 1932 to a cinema audience of 5,000, developed a thermal imaging system, and even had both colour and stereoscopic TV equipment working in a crude way. But his talents had earlier extended to jam manufacture and a patented undersock designed to keep the feet dry and at a comfortable temperature. Such enterprises did not enhance his image among engineers and academics.

What Baird lacked in scientific approach he made up for in tenacity. But more objective engineering minds were at work in various countries—particularly Isaac Shoenberg in England (at Marconi-EMI) and Vladimir Zworykin in the US (at RCA)—both corrrectly believing that only electronics could provide a manageable way of scanning a picture to reduce it to transmissible bits of information.

The run up to the BBC's public television service was

Arguments still rage because some say Baird has never been acknowledged as inventor of TV

thus one of intense rivalry—between the mechanical system of Baird's and the electronic one of EMI's. Oher countries, including Germany and Russia, were conducting public trials, but none on a regular basis and no one could equal Baird's claim to have broadcast the world's first television pictures in 1926.

By November 1936, Britain was clearly in the lead and the service then started by the BBC was the first commitment to a regular national system using what was then called high definition television (in fact, at best only 405 lines; HDTV today means over 1,000 lines compared to our current 625 line service). From November 1936 to February 1937, the BBC's television service was transmitted on both the Baird and EMI systems, but the latter became the clear winner.

The arguments today still rage because some believe that Baird has never been acknowledged by the industry as the "inventor" of television. It is certainly true that engineers in the industry have been somewhat dismissive of him—pushing instead the names of A. Campbell Swinton (who in 1908 first proposed the cathode ray tube) and Isaac Shoenberg (who led the team which made the electronic system really practicable).

Claims to invention and being "the first" are inevitably full of qualification. Cinematography is difficult to attribute—the French Lumière brothers, Thomas Edison in the US, the Englishman William Friese Greene? Or another Englishman, Eadweard Muybridge, who produced a picture series of a galloping horse in 1887 some years before Lumière? Even still photography has a variety of claimants depending on how the qualification is defined.

The controversy no doubt will linger on, fuelled unexpectedly by an American — Mr Donald Flamm — who fervently reveres the name of Baird and believes the British have behaved like cads

One thing however may be celebrated with certainty this year. Whether or not Britain has the world's best television service (or as Milton Shulman called it, the least worst), in 1936 the BBC forged the creative tradition of television production as we know it today.

It came however with the help of the British documentary film movement, which in the 1930s was blossoming and providing a pool of creative talent which was later to help the BBC establish a mature approach to television. Indeed, 1986 is also the 50th anniversary of one of the greatest documentary films of all time — the GPO's *Night Mail*, produced by John Grierson and Basil Wright, directed by Harry Watt, music by Benjamin Britten, verse commentary by W. H. Auden.

The achievements of British television that will be celebrated this year are considerable, and the engineering leadership continues through innovations such as teletext, standards converters and C-MAC. But the nation's prowess in television programming is also cause to celebrate the half century — especially as many of the creative talents of that period are still alive to enjoy it (including Wright and Watt). May they not be forgotten this year for their influence on what we see on television today.

Capacity of BT given a boost

AN OPTICAL fibre telecommunications system with a capacity four times that of existing UK systems has been installed by British Telecom on the 45-mile route between Sheffield and Nottingham.

The link, supplied by Plessey Network and Office Systems, operates at 565m bits per second, equivalent to nearly 8,000 simultaneous telephone calls. There are only two regenerators on the route—devices which compensate for light losses down the length of the fibre.

"Monomode" transmission is used in which the fibre supports only one light wavelength "carrier" and can send information over long distances at high capacities before regeneration is needed.

A second link of the same capacity uses equipment designed and made by BT. Running between Birmingham and Derby (45 miles), it uses microchip and optoelectronic technology with a 15-year life, developed for use with the first transatlantic optical fibre cable, TAT-8, planned for 1988.

Smallest logic controller

THE SMALLEST programmable logic controller that Gould Electronics has yet made, the PC0085, will provide safe and reliable control in space-crucial manufacturing applications such as electronic assembly, food processing machine tools and packaging.

The standard unit, which will scan 24 input and output points at high speed, covers only 35 sq in and is 4 in deep. It can be expanded to deal with 120 input/output points.

A second version, the PC0185, is for control applications with 32 to 512 input/output points.

More on 0256 460466.

INSURANCE

David Housego on the largest upheaval in the French insurance industry since the war

Axa's takeover bid stirs a hornets' nest

MR CLAUDE BÉBÉAR is a man of soft-spoken self confidence who has deliberately put his nose into a hornets' nest. The hostile takeover bid launched by the Axa group, over which he presides, for control of Providence-Secours is emerging as the first step in the largest upheaval in the French insurance industry since the war.

It has also provoked the toughest takeover battle seen recently on the French Bourse. Axa's bid has been countered by a rival offer from Assurances du Groupe de Paris (AGP) which puts an additional 70 per cent value on Providence shares to the FFr 1,100 offered by Axa. Paribas, the state owned investment bank, has also announced that it is a contender.

Axa, which include the Mutuelles Unies and Drouot groups and has a turnover of FFr 12bn ($1.6bn), is France's largest private insurer and the fifth largest insurance group in the country. If it got control of Providence, which has a consolidated turnover of FFr 4.2bn, it would rank number three in France behind the two major nationalised groups.

But French insurers are small by international standards. Even the largest French insurance group, L'Union des Assurances de Paris (UAP) with a turnover of FFr 27.8bn is only the ninth largest in Europe and does not find a place in the list of the world's 30 largest insurance companies.

"We are dwarfs," says Mr Bébéar who compares the fragmentation and provincialism of France's insurance groups with the international status of its banks.

His goal is to give Axa the size that will enable it to compete with the major European, American and Japanese groups. As part of that objective he also wants to expand its international interests from a current 30 per cent of its activities—already high by French standards—to 50 per cent.

The French insurance sector has slumbered since the war because it has in part been protected from international competition by protectionist regulations and in part because much of the industry has been nationalised. The nationalisations occurred just after the war when insurance companies were flattened by claims over war damage. They were almost the only occasion when the French state has paid below market price when acquiring an industry.

A coincidence of three factors now threatens radically to change the landscape. French insurers are increasingly having to face up to international competition as restrictive barriers are outlawed by the EEC. This opening up of the French market comes when the major US and European insurers have become more aggressive and are turning to fresh pastures.

Mr Bernard Attali, the chairman of the third biggest French concern Groupe des Assurances Nationales (GAN), recently emphasised the vulnerability of French groups by pointing out that Metropolitan Life of the US had assets of $88bn, 1.5 times larger than the total assets of French insurers. "The takeover of a largish European group would be no more than a mouthful for this giant," he said. Metropolitan recently purchased Albany Life of Britain.

The second factor is that the major nationalised insurance groups are on the opposition's priority list for privatisation if the Right should come to power in the spring as now seems likely. The Right are likely to want to privatise the insurance groups early on both because they are profitable and because their privatisation could increase the financial markets' capacity to absorb further denationalisations. Of FFr 62bn of investments last year by the French insurance sector, some 60 per cent were in the form of shares or loans to industry.

Coinciding with these two phenomena is the potentially explosive growth in the French market of private pension funds, and of life and health insurance. This is due to the widespread realisation that France's costly social security system can no longer be financed out of the Budget and contributions from companies and individuals.

Whichever party is in power in the coming years, it is almost inevitable that there will be a shift towards partial private financing of health and retirement schemes.

It is against this background that Axa wants to acquire Providence to be in a better position to bid for control of a major denationalised group. Mr Bébéar is as frank about his ambitions as about the difficulties of financing such a purchase.

"I would possibly be a candidate," he says. But he adds that at the moment "we do not have the funds."

It is because the stakes are potentially so large that Mr Bébéar has run into such trouble with his bid for Providence. His most recent offer would involve paying FFr 1,100 for each Providence share against a closing price of FFr 768 when they were suspended from trading in mid-November.

The offer by Compagnie du Midi, the holding group for AGP, which proposes to exchange seven AGP shares for five Providence shares, values Providence shares at more than FFr 1,900 each on the basis of last week's market prices. Mr Bernard Pagezy, the head of Compagnie du Midi, who is being advised by Banque Worms, a subsidiary of UAP, is attempting to stop Mr Bébéar.

Paribas, the other contender in the battle, which has a direct 25 per cent stake in Providence, is both holding out for a high price for its shares and seeking to maintain a foothold in the insurance sector.

Mr Bébéar is no stranger to takeover battles, having defeated Mr Francis Bouygues, president of the Bouygues construction group in a bid for Drouot Assurance three years ago.

Since then Druout has been put back financially on its feet, boosting profits to an anticipated FFr 270m this year after FFr 50m in 1982. Its FFr 5.3bn turnover in France (its international activities have been hived off into Axa International) make it the largest subsidiary in the group.

Overall Axa's consolidated turnover will have risen by 26 per cent to an estimated FFr 13.5bn by the end of 1985 from FFr 10.7bn in 1983. Net profits over the same period will have more than doubled to FFr 500m this year after FFr 212m in 1983.

Out of this the group's international activities—Axa is one of the few French groups to have a foothold in the North American market—account for about a third of its business and are expected to yield FFr 110m in operating profits this year.

Mr Bébéar sees the main potential for internal growth as lying in the retirement, life and health insurance sector. He is more doubtful about the immediate prospects in the French market for car and accident insurance.

Axa's strength in the takeover battle is that its roots lie in Mutuelles Unies which as a mutual society is exempt from being taken over itself. The drawback is that as a mutual society it has more problems in financing expansion by external acquisition.

FRANCE'S LEADING INSURANCE COMPANIES

	Gross premiums FFr bn
Union des Assurances de Paris (UAP)†	27.8
Assurance Generale de France (AGF)†	18.4
Groupe des Assurances Nationales (GAN)†	15.8
Victoire*	12.2
Axa	12.0
Mutuelles du Mans†	11.2
Mutuelles Agricoles	9.6
Caisse Nationale de Prevoyance†	9.1
Assurance du Groupe de Paris	6.6
Preservatrice Fonciere d'Assurance†	5.9
Garantie Mutuelle des Fonctionnaires	5.4
Macif	5.0
Maaf	4.5
Presence (Providence—Secours)	4.2

† Nationalised
* Via, with about FFr 2bn in gross premiums, separated from Victoire last year.
Source: Nouvel Economiste

THE ARTS

London Galleries/William Packer

Old draughtsman's new contact

Introducing Sam Rabin, the exhibition at the Dulwich Picture Gallery (until February 2, then on to Southampton and Salford), does exactly what it claims to do, for though Mr Rabin is 82 and has followed since the 1920s a professional and teaching career, so rarely has his work been seen in public that this latest showing is less reappearance than debut. He has taken part in the occasional mixed show in London of Jewish or sporting art, has had his work acquired by public collections, and has enjoyed some distinguished notice abroad, but his last full show was at the Leicester Galleries in 1960.

The more we consider the quality of the work and the circumstances and incidents of a not uneventful life the more odd and arbitrary does this long obscurity appear to be. It has perhaps been more chosen than imposed, for it is clear Mr Rabin's is a powerful and positive character and one unlikely to resign its destiny entirely to other forces.

He studied first at Manchester under Adolphe Valette and then at the Slade under Tonks. His first success was as a sculptor and in 1928, with Epstein, Moore and others, he was commissioned by the architect Charles Holden to work on the new headquarters of the London Underground at St James's Park. But his professional interests extended somewhat beyond art. Also in 1928 he won a bronze medal for wrestling at the Olympic Games in Amsterdam, and through the 1930s he wrestled professionally as Sam Radnor and Rabin The Cat. He trained his singing voice, too, and through and after the war worked with a number of concert groups, including the Stars in Battledress and the Army Classical Music Group.

His final commitment, however, was to painting and drawing. In 1949 he became Teacher of Drawing at Goldsmiths' College where he remained until 1965. He then decamped to the Bournemouth School of Art, a move prompted more by dissatisfaction with contemporary trends in art teaching than by practical necessity, and has lately taken up a teaching appointment at The Poole Art Centre. It is as a draughtsman and drawing master that his reputation chiefly stands.

It goes perhaps a shade too far to describe him, as the organisers are inclined to do, as the English Degas or one of Britain's greatest draughtsmen and teachers, but he is very good, and the relation to Degas neither inapposite nor remote. For both artists stand, within the same academic tradition of figure drawing, and the test of quality if not quite of degree is much the same. It is suggested in the modest but useful catalogue that Rabin has been ill-served by his principal subject-matter, the sport of boxing, which many people find offensive. But such prejudice in the face of the works is absurd. Rabin makes the point forcibly: "I am bored stiff by people who talk about the brutality in my work when the walls of art galleries around the world are littered with paintings of a man with nails hammered through his hands and feet."

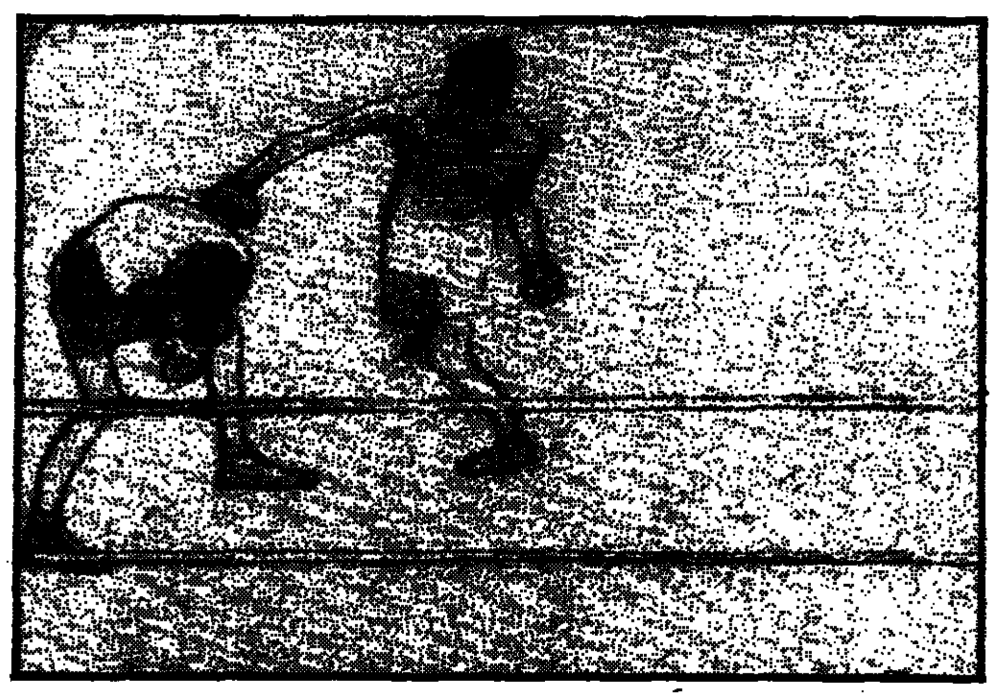
The point is that for all the action and excitement that Rabin acknowledges in his work, based as it is upon his personal experience of the ring, the essential aesthetic *frisson* we experience by it is transcendent, afforded not so much by what is described as by the way it is done. What he gives us, just as does Degas in his darkened theatre with its bright stage, is an isolated and dramatic space articulated by the simplest of formal devices—lines that cross and recross—through which his figures flick and dance. The statement in the drawings is rapid, certain and effective.

Through the show we see that for him the work of the life class and the boxing hall are interdependent, for the essential interest is in the figure in physical space, at movement and at rest. It is also a celebration not simply of drawing as a manual facility for exact observation and transcription but as something more profound.

A great deal of nonsense is talked about art education and the relations between fine art and design, most of it by people who have never seen the inside of a studio, let alone the business end of a brush. No doubt some changes were necessary 20 years ago, but a great deal of damage was done by calling into question the place of drawing as the necessary discipline at the heart of every practice. There can be no design without drawing just as there can be no art, and we only have to look to architecture, once one of the fine arts, to see what happens when the attempt is made.

But a small show like this of Mr Rabin's work gives one heart. But his own demonstration, his despair of 1965 was premature, and to my knowledge the work goes on quietly in many places and could flourish again if only there is the will to accept and impose the disciplines of study, practice and observation.

The most poignant drawing in the show is not on the wall but in a cabinet, a student's stilted effort at the nude figure with the master's swift and elegant exposition to one side, all balance and control and above all understanding. Anyone who has spent long hours in the life room knows the experience well enough, who has sat under the instruction of such unsung heroes as Vivian Pitchforth, Lionel Ellis or Sam Rabin. And the demonstration was never about how to draw exactly, but rather about how first to look, analyse and understand, and only then to match the hand to the informed and critical eye. Drawing, most especially of the figure, is one of the most formidable tests of the intelligence, though I expect none but artists to accept the fact.



"Toledo Massacre" by Sam Rabin

Stiffelio, Aroldo/Teatro la Fenice, Venice

Max Loppert

In the complete list of Verdi operas *Stiffelio* (Trieste, 1850) comes just before *Rigoletto*. It is probably the finest of all those Verdi works that continue to remain relatively little-known—a strong, stark, notably original piece, innovative in form and in its subject matter. But, for contemporary tastes, the story must have been an unpalatably gloomy one (the unwilling adultery of an absent Austrian Protestant minister's young wife precedes the opening curtain, which then proceeds in swift stages to show his return and discovery, her abasement and—the probable sticking-point for an 1850 audience—eventual forgiveness). For this reason, and also because of the censorship difficulties that Verdi experienced right from the start, failure seems to have been as inevitable as it was undeserved.

Once the composer had determined on re-casting it—as *Aroldo* (Rimini, 1857)—into a less troublesome, though also less interesting, tale of a revenant crusading knight in 13th-century Kent, he abandoned the original. A *Stiffelio* autograph is lost; and until a decade or so ago, when reconstruction was made possible by the discovery of two copyists' scores at Naples, it was thought of as a minor episode in the long epic of Verdi's compositional career. Since then, the balance has been rectified, and both operas have been given fringe revivals and good modern recordings (the Philips *Stiffelio*, with Carreras, and the CBS *Aroldo*, with Caballé, were reviewed simultaneously on this page five years ago). But the final acts of re-discovery — in the opera world's leading theatres, with front-rank singers and full-budget productions — seemed slow to take place.

An exciting initiative to perform two unkown Verdi operas, one developed from the other, on the same evening

So the initiative taken by the Teatro la Fenice at the start of the 1985-86 season was exciting: the performance of both operas, each quite short, on a single evening, with separate casts but a single conductor (Elihu Inbal) and producer-designer (Pier Luigi Pizzi), preceded by a "Tornando a *Stiffelio*" conference with leading Verdi scholars in attendance, and accompanied by a new *Stiffelio* edition.

Altogether, it promised to be an event of considerable importance on the operatic calendar. As it turned out, on opening night at least, something appeared to have gone wrong with the planning along the way: for such disproportionate amounts of care and commitment had been expended on the two operas that the newcomer to both might have been forgiven for wondering why anyone had bothered to put on *Aroldo* at all. The order of play — *Aroldo* (to a half-empty house) at 5, *Stiffelio* at 9.30 — was chronologically wrong; but it was an accurate indication, as were the executive attainment of casts, quality of productions, even degree of preparedness, of the order of value that the theatre appeared to attach to each work.

That's a shame. *Aroldo* quickly reveals its less coherent story line, but in undertaking the revision Verdi also took the opportunity of strengthening the musically weaker patches of *Stiffelio* (a comparison of the heroine's big solo at an equivalent place in each opera affords the most obvious example). In removing the last act to the exceedingly improbable location of Loch Lomond for a climax combining tempest and spiritual reconciliation, he may also have destroyed the claustrophobic intensity of his original; nevertheless, the finale of *Aroldo*, with its vivid nature painting and richly subtle choral writing, places this work among Verdi's most essentially Romantic creations (as well as foreshadowing the magnificently turbulent original finale of *La forza del destino*).

In his classic Verdi study Julian Budden (one of the Fenice conferenciers), having weighed the merits of the works with masterly judiciousness, concludes thus: "We may sum the matter up by saying that *Aroldo* is better as music, *Stiffelio* as music drama, and leave it at that." A pity the Fenice administration had not studied its Budden fully, and thereby come to a fairer appreciation of both works, in all their diversity as well as blood-similarity, before mounting these presentations.

From the evidence on show, Pizzi's preferences seemed clear enough. After an *Aroldo* first act planned in artful theatrical perspectives (the whole opera was given behind a huge false swag curtain), the rest declined swiftly — mezzotint medieval scenes as an artist of Verdi's period might have imagined them, but executed in crude detail, clumsily lit, with little sense of the different locative atmosphere of each act. The opera was enacted entirely in stock melodramatic gestures—which could have been accepted as "proper Ottocento tradition" had they not been quite so half-hearted; and had the singing not been quite so rough-and-ready (or, judging from the number of nervous glances directed at the conductor, unready).

The level touched by Jésus Pinto as Aroldo, Antonio Salvadori (cruelly booed) in the baritone father role, and Franco Federici as the bass hermit could fairly be described as Camden-like, but lacking in the enthusiasm that so often redeems Camden Festival rarities. For the heroine Mina (called Lina in the earlier opera), Lucia Aliberti produced the needed agility, and some sharpness of attack, but almost nothing of the dramatic forcefulness (required particularly in low phrases). Those responsible for promoting the career of this very young soprano, remarkably talented, remarkably unfinished, do a disservice in pushing her so hard, so fast.

Everything about *Stiffelio* was more distinguished. It was played without break, either in a ruby-velvet drawing room (un-Protestant-like, and too continuously dark, but full of oppressive atmosphere) or before striking vestigial drop-panels; it was lucidly grouped and, by all the principals, inflected with a wealth of expressive subtlety in timing of gesture and facial movement. The title role, the first of Verdi's powerful studies in dramatic-tenor obsessiveness, demands a heavier weight of tone than could be manifested by the Puerto Rican Antonio Barasorda (whom I recalled as the attractive Mylio of Wexford's *Roi d'Ys* a decade ago), yet his singing was never less than clean, forceful, thoroughly involved.

Stiffelio is the first of the composer's powerful role studies in dramatic tenor obsessiveness, demanding of heavier tone

Brent Ellis in his father role was excellent (but also greeted with boos, this time inexplicable—perhaps someone in the audience just didn't like baritones!) And after a nervous start, which affected the quality and tuning of her high phrases, Rosalind Plowright was very nearly a great *verdiana* as Lina—ample, vigorous, rhythmically charged, shining, lacking only a consistently forward delivery of the text.

Inbal, an opera conductor I had previously not rated very highly, conducted both works with energy and also with real sensitivity to their musical worth; of the basic production team he alone appeared to be convinced that the project as a whole was worth undertaking in full seriousness.

Le Chat botté/Paris

Freda Pitt

Puss in Boots is a character familiar to balletgoers from his minor role in the *Sleeping Beauty* Act 3 divertissement. Roland Petit has now elevated him to the title-role in his two-act holiday-time offering for Paris audiences, *Le Chat botté*, given a well-attended and enthusiastically received month-long run at the large and characterless Palais des Congrès. The absence of an orchestra (and the imperfect quality of the amplification) tended, inevitably, to deaden the atmosphere, and John Lanchbery's arrangement of for the most part lesser-known Chaikovski pieces was not always seamlessly welded.

It is, however, much to Petit's credit that instead of merely exploiting an already familiar score and theme he has painstakingly and inventively provided his Marseille company with some of his most persuasive neoclassical choreography. The final formal ensemble for the court, during the wedding festivities for the Princess and the poor peasant turned marquis, is an affectionate and not unworthy homage to Marius Pepita.

Josef Svoboda's resourceful, imaginative and uncluttered scenery, with the strip backcloth cleverly transformed from countryside to ogre's dwelling to palace, is superbly lit by an unnamed magician. Franca Squarciapino has devised exquisite costumes for the Princess and her retinue, but the Cat's outfit is something of a disappointment, since what purport to be his seven-league boots are almost invisible. Evidently the Cat could not be encumbered with heavy boots, since Petit has allocated him an extensive range of big leaps, and no doubt it would have proved distinctly uncomfortable for the performer to wear one of the fetching masks briefly donned by his companions in a feline romp towards the end of the ballet; but a feeling of let-down persists.

Although the work ends happily for the young couple, it closes on a bitter note, with the cat alone on stage, forgotten and abandoned by the master who owes him so much.

In accordance with current practice, Petit gives greater prominence to the male roles: three principal ones compared with only the Princess's for the ladies. Dominique Khalfouni probably invested the ballerina role with greater warmth and variety than the two guest artists who fell to my lot. Yoko Ichino danced with strength and sparkle but smiled too fixedly, whereas Virginie Alberti, from London Festival Ballet's French contingent, danced prettily but could not quite sustain the demanding choreography. She was expertly partnered by Peter Schaufuss, in brilliant form at his December 28 debut in the role of the young man.

Alexi Zubiria's Cat managed to avoid the self-conscious winsomeness to which Luigi Bonino, following Patrick Dupond, succumbed at the earlier performance. On that occasion, the noble style of Denys Ganio's dancing, coupled with his expressive warmth and impeccable stage manners, left by far the most lasting impression.

Theatre in Berlin

Ronald Holloway

Alternative theatre in Berlin is spreading fast and it is a real pleasure to spend a weekend jaunting through Kreuzberg and Moabit, two sections of the city with plentiful and roomy old-style housing and factory space suitable for a makeshift stage or a row of cabaret tables. One can ferret out a dozen performances of merit and interest, each commanding a full house if word-of-mouth propaganda has spread fast enough.

A cellar hole-in-the-wall on a dank rainy evening provides an appropriate setting for Dostoyevsky's *Notes from the Underground (Aufzeichnungen aus dem Kellerloch)*. Indeed, the resemblance between Oranienstrasse, a main drag in Berlin-Kreuzberg, and reproduced sketches of equivalent *Hinterhof* settings in the Petersburg of Dostoyevsky's time is not only striking, but exactly the visual component to make the modest production memorable.

Finding the Kulturbüro, where the play is staged, is an act of discovery in itself. The only indication that something is going on here after hours is a lighted sketch of Dostoyevsky, painted in the colours and expressionistic strokes of "Die Wilden" who maintain their loft-studios just down the street on Moritzplatz, greeting the theatregoer over a steep staircase that descends somewhere into the "underground."

Fifty lost souls hungering for an open-ended experience with the Russian writer gathered this particular evening. After the first cellar enclave was packed to the limit, a curtain was pulled over a stoop to admit the audience to a row of benches and chairs on graduating plane for the encounter with the Underground Man.

A Soviet exile, Israel Olschan, staged *Notes from the Underground* by overlapping content with form. When the lone spot light went up, Bernd Ludwig as the recluse protagonist appeared at first rather surprised to find people eavesdropping on his thoughts. But he rambled on all the same on why he, an embittered clerk, had divorced himself from society with its unbearable social and progressive pretences. True to the original, the nihilist antihero meets his match in a poignant exchange with the prostitute Lisa (Gitta Walchner). At the close, a nook visible through another distant doorway harbours a flickering candle.

Why the interest in Dostoyevsky? The Berlin public whet its appetite last September on a trio of Dostoyevsky productions directed by Poland's Andrzej Wajda for the Stary Teatr Krakow: *The Possessed, Crime and Punishment*, and *The Gentle One*. Fyodor Mikhailovich may never have penned a drama, but his novels—even his notes for a novel—make for entrancing moments in modern theatre. Next, Israel Olschan plans to stage *The Gentle One* in Berlin.

A James Saunders one-acter, the Polish Puppet and Masks Theatre, and old-fashioned *Berliner Kabarett*—all share in the repertory programme of the Cafetheatre Paulstrasse in the Moabit section of Berlin-Tiergarten. And lately, after legitimate theatre has let out, fans of sociopolitical and literary cabaret-theatre *(Kabarett)* gravitate to the backroom of a neighbourhood bar-restaurant fr a show dedicated to Jura Soyfer (1912-1939), a Viennese satirist who specialised in texts and lyrics right up to his imprisonment in Dachau and Buchenwald (where he died of typhus at 26).

Soyfer was rediscovered in Vienna just recently. The *Kabarett* revue there caught the attention of Wolfgang Kröske, who staged it at the Cafetheater Paulstrasse with actress-vocalist Claudia Burckhardt and pianist Klaus Nothnagel. Claudia Burckhardt makes regular appearances in Bochum at the Schauspielhaus in a production of Bertolt Brecht's *Die Mutter*, but weekends are reserved for spot performances in *You Call Us People?— Wait Just a Minute!* (Ihr nennt uns Menschen?—Wartet noch damit!), the Jura Soyfer revue in Berlin.

"The Dachau Song" (*Das Dachaulied*), parodying the "Arbeit macht frei" slogan over Nazi concentration camps, is probably the best-known of Soyfer's lyrics (to Erich Zipper's music), but the real treats are from those original *Wiener Kabarett* numbers, like "The Song about Order" (*Das Lied von der Ordnung*, 1932), "Socrejk-Conference" (1934), and "The Wandering Song" (*Wanderlied*, 1937). Claudia Burckhardt, a carrot-top in a black dress, has a commanding presence and a voice that ranges from the brassy to the affecting. Two props are all that are needed: a chair, and a photo of Soyfer draped with a red rose.

Barry Manilow/Wembley Arena

Antony Thorncroft

A Barry Manilow concert is a ritual: everyone has a part to play but there is no avoiding who hogs the best part, the blond Busby lookalike who arouses irrational fury in all those who have never bothered to watch him perform.

This being Wembley the authorities did their best to dampen the excitement—there were to be "No lighted candles." Even so as soon as Manilow had stripped off his purple jacket and tie the business began. He had no trouble extracting Valerie from Essex from the audience to join him on stage for "Can't smile without you." By chance she turned out to be a cabaret singer so was quickly returned to the ranks before her strong voice showed up the tremours in Barrys.

Not that his voice matters any more. He is essentially a fantasy figure to thousands of jolly married ladies, often in early middle age, who want an occasional *frisson* in their even lives. They do not take him too seriously, and are quite happy to laugh at his most outrageous verbal excesses.

Manilow, too, is quick to send himself up, donning dark glasses and a leather jacket in a doomed attempt to suggest that he can be a rocker. But underneath it all there is a certain restiveness. After all, the man has good musical credentials — he studied at the Juilliard in New York — and some street credibility — he worked with Bette Midler, and no one could call her cosy. As he approaches 40 he seems to want to cast off his saccharin image and earn some respect: hence a batch of strong songs from his first movie, *Copacabana*.

Wembley is not a sympathetic setting for a singer who first made his mark in the cocktail lounges of New York. But Manilow has the brassiness to fill it, and did not have to worry about the warmth of the audience. He showed some signs of self-indulgence, with too much chat and not enough passion in his playing (and he does have some fine songs in his repertoire), but he still delivers. He might not be quite such fun as his audience but the mutual love affair deserves respect.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Jan 3–Jan 9

Opera and Ballet

LONDON

English National Opera, Coliseum: The Mastersingers, in Elijah Moshinsky's interesting, unsatisfying 1984 production, returns with Charles Mackerras as conductor, Norman Bailey as Sachs, and a cast also including Alan Opie, Kathryn Harries and Kenneth Woollam. Further performances of the new Don Giovanni, produced by Jonathan Miller, and of the Julius Caesar revival.

Royal Court Theatre: The Opera Factory season continues with the world premiere of Nigel Osborne's Hell's Angel, and with David Freeman's coarsely jokey modernized performing version of Cavalli's La Calisto, first seen in 1984.

WEST GERMANY

Berlin, Deutsche Oper: Aida has Anna Tomowa-Sintov and Giorgio Lamberti in the leading roles. Cosi fan tutte, sung in Italian, has fine interpretations by Doris Soffel, Angela Denning and Keith Lewis. Zar und Zimmermann stars Gudrun Sieber and Peter Maus. Also Orpheus in the Underworld.

Cologne, Opera: Ein Maskenball stars Stefka Evstatieva, Livia Budai and Giacomo Aragall. Zar und Zimmermann, Marianne Hirsti and Alfred Kuhn.

Munich, Bayerische Staatsoper: Cav and Pag has Julia Varady, Astrid Varnay, Giorgio Lamberti, Valdimir Atlantow and Piero Cappuccilli. Die Hochzeit des Figaro stars Lucia Popp, Ann Murray and Wolfgang Brendel. Also Die Fledermaus and Der Barbier von Bagdad are in the repertoire.

VIENNA

Staatsoper (5324/2655): Die Walküre conducted by Schwarz with Janowitz, Martin, Lotte Rysanek, de Vaughn, Miljakovic, Yachmi, Katagiri, Lilova, Gall, Gonda (Sat). Macbeth conducted by Hager with Zampieri, Vance, Bruson, Ghiaurov, Kaloudof, Pita, Sramek, Maly, Valls, Simic and the Vienna Boys Choir (Sun, Wed). Die Fledermaus conducted by A. Fischer with Popp, Fassbänder, Gruberova, Göttling, Weikl, Kunz, Hopferwieser, Tichy, Wendler, Schenk (Mon). Der Fliegende Holländer conducted by Hager with Jones, Slania, Rydl, King, Hopfner, Van Dam (Tue). Korngold's Die tote Stadt conducted by Hollreiser with Armstrong, Gonda, Steinsky, Hintermeier, King, Helm, Liegeois, Gahmlich, Galbraith, F. Waechter (Thur).

Volksoper (5324/2657): Die Csardasfürstin (Fri); La Bohème (Sat); Martha (Sun); Der Opernball (Mon, Wed); Hänsel und Gretel (Tue); The Beggar's Opera (Thur).

NETHERLANDS

Amsterdam, Stadsschouwburg: A new Netherlands Opera production of Turandot with Cristina Deutekom in the title role. Directed by Dieter Bülter-Marell, with the Netherlands Philhamonic and Choirs conducted by Christian Badea, and dancers from the National Ballet (Tue, Thur) (242311).

Intro-Dans with new ballets from Nils Christe and Ed Wubbe, and repeats of Cold Song and Reflexion. Wed in Amsterdam, Stadsschouwburg (242311) and Thur in Roermond, Oranjerie (35061).

ITALY

Milan, Teatro alla Scala: Puccini's Madame Butterfly directed by Keita Asari and conducted by Lorin Maazel (alternating with Yoshinori Kikuchi). In the cast are Eleonora Jankovic, Aldo Bramante and Giorgio Zancanaro. (Sat, Sun, Thur) (80.91.26) Teatro Lirico: a programme of three ballets: Balletto Imperiale by Balanchine (music by Tchaikovsky) with Renata Calderini and Maurizio Bellezza, Les Vainqueurs by Maurice Béjart (music by Wagner) with Luciana Savignano and Marco Pierin and Bolero (Ravel) with choreography by Béjart. (Tue, Wed, Thur). (88.64.18)

Rome, Teatro dell'Opera: Donizetti's Elisir d'Amore conducted by Thomas Fulton and directed by Luciano Alberti with Luciana Serra, Antonio Savastano, Simone Alaimo and Alessandro Corbelli (Sun), also Tchaikovsky's Nutcracker conducted by Alberto Ventura and with choreography by Miroslaw Kura (Tue). (46.17.55)

Trieste: Teatro Communale Giuseppi Verdi: Antonio Gades's ballet company in Carmen with Cristina Hoyos (Thur). (63.19.48).

Bologna: Puccini's Tosca conducted by Romano Gandolfi with Raina Kabaivanska in the title role. (Tues, Thur) (222999).

NEW YORK

New York City Ballet (NY State Theater): the end of the Christmas Nutcracker season is accompanied by the return of the repertory with mixed programmes including Donizetti Variations, Ballo della Regina and The Cage. Lincoln Center (8705570).

Metropolitan Opera (Opera House): The week features Lohengrin conducted by James Levine with Eva Marton, along with Satie's ballet Parade, Poulenc's Le Mammeeles de Tiresias and Ravel's l'Enfant et les Sortileges, in an evening called Parade. The week includes Jenufa conducted by Vaclav Neumann with Roberta Alexander, Mignon Dunn and Timothy Jenkins, and l'Italiana in Algeri conducted by James Levine with Marilyn Horne. Lincoln Center (3626000).

WASHINGTON

Washington Opera (Terrace): Daughter of the Regiment conducted by Joseph Rescigno with Eric Mills, François Loup and Joyce Castle plays in repertory with Christopher Columbus conducted by Randolph Mauldin with David Eisler, Elaine Bonazzi and Karen Hunt, in Roman Terleckyj's new production. Both are sung in English. Ends Feb 2. Kennedy Center (4228700).

PARIS

Opera Comique presents two light-hearted one-act operas by Ravel and Puccini, the first transporting the public to picturesque Spain, the second to Italy of the Commedia dell'Arte tradition. Salle Favart (42900311).

Slask: Poland's National Ballet with its 100 dancers, singers, musicians and 1,800 costumes brings colour and high spirits to the Théatre des Champs Elysées (47234777).

Le Voyage dans la lune/Geneva

Andrew Clark

Offenbach is fast becoming a staple ingredient of Geneva's Christmas festivities: the prospect of French operetta on French-speaking territory is certainly an enticing one, the more so for anyone who confesses to finding Offenbach just a little strait-laced in English translation. For the second time in recent years the Grand Théâtre has called on the French director-entertainer Jérôme Savary to dish up the fun, and *La Voyage dans la lune*, a work he has previously dusted off to acclaim in East Berlin, breathes in his hands the non-stop pantomime and deliberate bad taste that for better or worse have become his theatrical trademark.

The neglect of *La Voyage* does seem absurd: for all the recent advances in space travel, the mysteries of lunar exploration remain as potent today as they were in the era of Jules Verne, and who better than Offenbach to explore the moon as a source of fantastical and funny diversion? The musical inspiration is patently the same as in his better-known offerings—and with another well-chosen cast, aided by the dancing hands of the conductor Marc Soustrot, the score effortlessly wins its case on the grounds of charm and comic brilliance.

Savary's glitter-and-fizz treatment of the story makes an impression mainly through the sheer pace of its inventiveness and the occasional awfulness of its jokes. The first act, with its sexy overgrown schoolgirls, bouffant wigs and inflated air of French empire makes a cracking start: Savary has a clean slate, he knows how to populate the stage and his reworking of the dialogue gives it a topical cut and thrust. He also has the sense to leave the set numbers alone.

But once Vlan, Caprice and Microscope have blasted off past the Eiffel Tower on their picture-postcard adventure, Savary seems to be in increasing need of a booster-rocket of inspiration. The pace flags because the onslaught is too fast and unvaried, and the show—almost in spite of itself—is in danger of becoming monotonous. Farce has its limits, even when you take Méliès as your inspiration, as Savary claims to do.

That the evening does not fall apart is due to the excellence of the cast and the resourcefulness of the two designers, Michel Lebois for decor and Michel Dussorrat for costumes, whose ingenious, eye-catching work makes hilarious capital out of the moon's loony inhabitants.

No single role predominates, but the lovely Marie McLaughlin as Fantasia commanded much of the limelight with her voluptuous tone and perfect vocalisation: "Je suis nerveuse" was an especial treat.

Midnite Follies Orchestra

Kevin Henriques

Despite being billed as "their last London concert," Friday's appearance by the Midnite Follies Orchestra at the Elizabeth Hall was not pervaded by sadness or regret. In fact reports of the band's demise are premature. It has February engagements in Oldham, Coventry and Leeds and, if conditions are ripe and right, *could* be heard again in London.

Since its debut at the 100 Club, Oxford Street in 1978, the Midnite Follies repertoire has been based, for the most part, on transcriptions and arrangements by co-leaders Alan Cohen and Keith Nicols of big-band jazz from the 1920s and '30s. These have never been performed as exact copies of the originals, for the Follies was never intended to be a dismal "ghost" band. Friday's concert subtitled "Drop Me Off at Harlem," concentrated on the music of Duke Ellington, Cab Calloway and Luis Russell. As ever, the spirit of the originals was happily exuded by the 13 musicians, including several of the original personnel.

Of these, none was more impressive and powerful in his several solos than trumpeter Alan Elsdon whose open and muted work on "Concerto for Cootie" and "The Mooch" were the jazz highlights of the night. Surprises of the concert included one of the younger Midniters, trombonist Alastair Allan, responsible for some fiercely gutty work on a rare Ellington tune, "Ducky Wucky." Another rare piece of Ellingtonia, "Scattin' at the Kit Kat," was one of the songs from Sweet Substitute, the attractive, close-harmony trio in the Andrews/Boswell Sisters mould. Other vocal contributions came from the show-busy Johnny M, quaintly described as "crooner and novelty vocalist."

Both co-leaders each had a solo feature, Cohen revealing a pleasing soprano-sax sound on "Rent Party Blues" while Nicols conclusively proved in his stirring workout on Fats Waller's "Handful of Keys" that the bass and drum accompaniment was totally superfluous.

Without doubt, though, the band was the focus of the concert. The precision of the reeds—how the clarinet trio wailed in "The Mooch"!—and the overall spirit of the musicians were as potent and as uplifting as on that lucky Friday the Thirteenth in January 1978 when the band made its widely acclaimed debut. Two albums and many appearances, both at home and overseas, later the Midnite Follies and the music it plays remain as exhilarating as ever. Hopefully this rather special band will not, after all, expire after its February engagements.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

UK engineering

A programme for revival

Nick Garnett on the international growth of Denford Machine Tools

STRUGGLING from the brink of bankruptcy, and then dragging yourself up on two slightly unsteady legs, is the most familiar story for companies in what is left of the shrunken British machine tool industry.

By the middle of 1983 Denford Machine Tools, the UK's biggest supplier of computer numerically controlled training lathes and other CNC mini-machinery, was treading the same route. About to go under in the late 1970s, it had grasped CNC and hauled itself into profit by the time the West Yorkshire company was featured on this page two and a half years ago (May 31, 1983).

A rather heartening tale has since unfolded. Denford's turnover of £1.6m in the year to March 1983 has jumped threefold and is expected to hit £5.3m this year. Marginal pre-tax profits were replaced last year by one of £0.5m.

Senior, a nearby company, making (non-CNC) milling machines was bought from the liquidator a year ago. Renamed Denford Senior, the purchase has entitled Denford to expand its product range and reorganise manufacturing.

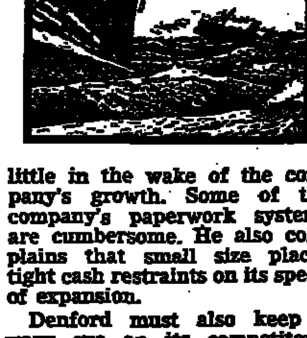
Denford's total workforce is up from 90 in the summer of 1983 to 130, including 22 at Denford Senior. This will rise again if the company goes ahead with a £0.75m teaching centre for overseas students. It says it probably needs government cash assistance but doubts whether it will qualify for it because the project does not involve a manufacturing facility.

Based in the Pennine town of Brighouse, Denford is also coping — apparently successfully — with big changes in technology and markets. Its new products include a mini flexible manufacturing system (FMS) incorporating its own CNC lathe, tiny Mitsubishi-manufactured robots and a small conveyor system made by SKF of Sweden. With software this package, which would easily fit in a domestic garage, can run up a £100,000 bill.

Denford's customers include manufacturing companies with in-house training facilities, universities, polytechnics and government financed training schemes. But Denford has shifted the emphasis of its selling. With the drying up of government funds for engineering training, manufacturing companies now take 60 per cent of its UK sales as against 30 per cent three years ago. Exports account for 60 per cent of sales compared with a quarter then.

"I think we are going to be hard pressed to meet demand," says Gerald Denford, managing director and son of the company's founder. "There's a whole string of things going for us."

On the other hand, Denford says his sales back-up has been left behind a



little in the wake of the company's growth. Some of the company's paperwork systems are cumbersome. He also complains that small size places tight cash restraints on its speed of expansion.

Denford must also keep a wary eye on its competitors. One of these is only a stone's throw away in Halifax. Boxford, the subject of a management buyout from Brooke Tools in 1983, has been a rags to riches story, spurred on by cash help from the West Yorkshire Enterprise Board. With a turnover last year of £2.6m, and set to rise to over £3m for the current 12 months, production at Boxford is more biased towards non-CNC equipment but the two companies compete over a range of products.

Boxford, which made a £0.25m

Gerald Denford: "The Americans are way behind"

pre-tax profit last year, manufactures its machines from the floor up. Denford imports cast iron carcasses from Japan and Taiwan for its Orac and Triac CNC machines though it says this represents just 5 per cent of the total product.

Other tough competitors include T. S. Harrison, part of the 600 group, Hercus in Australia, the Italian company Cortini and a number of French and West German suppliers. The world giant in training machine tools is Maier, though Denford claims it has been stealing a lot of business from the Austrian company's Emco lathe. To underline the fierce competition in the market, though, Maier is also selling its own FMS for training.

Big Japanese manufacturing companies train their machinists on full size production machines rather than on dedicated training equipment and so far their own producers of training machines like Mecanix have made little headway in Europe.

Denford has been selling its Orac training lathe and Easimill and Easiturn lathe and milling machines for some time. In the last three years it has introduced new products which give it a range in non-CNC from a £500 grinder to a £6,500 milling machine and in CNC from the £2,000 Starturn 4, excluding micro, to the flexible manufacturing training system which costs £50,000 even before computer aided design/computer aided manufacture (Cad/Cam) is added.

"I think it has gone according to plan. With good continuity of management, prospects as they stand look excellent," says Denford.

Two major challenges are now confronting the company. One is to cope with changes in the training machinery market. This, says Denford, is going to follow the path of full-scale manufacturing, which is towards flexible machining centres hooked up to a computer. This would allow major manufacturing companies or educational institutions to run banks of training lathes from a single computer installation. Denford has a large project under wraps with a Japanese control manufacturer that could revolutionise controls across the whole range of ITS cnc machines.

The other challenge is to open up new markets. Denford sees the US as a prime target for advanced training machine tools. "They are way behind." So far in fact that they don't know what we are talking about half the time. That market is going to zoom."

US equipment distributor Broadhead-Garrett sells Denford machinery and Gerald Denford's son Andrew, the company's technical director, recently spent four months in the US demonstrating CNC training equipment.

Two machine tool delegations from Nanking are due to visit the Brighouse site soon and Denford has been asked to do some conversion work on machines that will be used in Chinese manufacturing. Main export markets already include North America, South-East Asia and Scandinavia and Denford has an agent plugging away in Japan, though as yet with no sales.

More than 40 US engineers visited Denford for training on its machines in the past year and the company sees its proposed teaching school as a major fillip. The buildings have been designed by Portakabin so that Denford could sell them abroad as complete units, with training machines supplied and plugged in. "It would give us greater credibility and put us into the future," says Denford.

A stockbroking 'first'

Why Phillips & Drew is taking an unusual route into venture capital

By William Dawkins

BY THE end of this month Phillips & Drew will become the first blue chip stockbroker in the UK to put its name to a venture capital fund.

Other stockbrokers are involved in venture capital as investors in other groups' funds or as co-managers alongside specialist firms, but P & D is the first — apart from the small Glaswegian firm, Parsons and Co — to sail into risk investment under its own steam.

P & D's voyage into venture capital began in November when it was approached by three of Pruventure's seven-strong team of fund managers who wanted to do their own thing.

Ian Hawkins, Tim Hart and Robert Jenkins were looking for a large fund management group which needed an introduction to unquoted investment. P&D Fund Management, with £5bn of other people's money in its hands and with practically no unquoted companies in its portfolio, fitted the bill perfectly.

P & D had been thinking about going into venture capital in any case, says John Hemingway, a director of the firm's fund management arm. As the most prolific sponsor of Unlisted Securities Market flotation candidates in the City, it also made sense to protect that position by making investments in small companies which might come to the market later on under the wing of the firm's corporate finance department — though they will be under no pressure to do so, adds Hemingway.

Pruventure's flotation record includes groups like Wold, the frozen vegetable producer, DPCE in computer services, the Datastream information group and Greggs bakeries, all of which went public at valuations many times their original investment prices.

Phillips & Drew Development Capital is still under wraps, but the rough shape of the fund looks clear; it is expected to start seeking subscriptions at the end of the month. The trio from the Pru will operate independently as a partnership, providing an advisory service to the fund, rather than as employees of P&D. They will be rewarded by being given the chance to take a carried interest in the fund and its profits on top of their salaries; an increasingly common style of remuneration package among UK venture fund managers.

The partnership structure has tax benefits for the managers but it also contributes to the sense of independence on which venture capitalists thrive. "It was important for us to be able to do our own things in our own way," says Jenkins. They will probably be looking for £20m to £30m, a good chunk of which will come from P & D Fund Management.

In other respects, P & D's new vehicle will be entirely unlike the latest generation of venture capital funds. It will, for instance, steer clear of fashionable investment areas like management buy-outs and high technology, concentrating instead—as its name suggests—on comparatively mature companies with developed management teams.

And at a time when other new funds are tending to look for specialist investment areas, P & D will have no particular industry focus, though it will be broadly restricted to the UK. Hawkins believes that the trendier investment sectors are in danger of becoming overfished and over-priced pools. "There is a very real chance that people are paying high prices for deals that will come unstuck if investors' general confidence is ever eroded," he warns.

The team is also eschewing the present fashion for US-style hands-on investment management, whereby fund managers get closely involved with the affairs of their companies. That was not the way they were trained at the Pru, says Hawkins, who is also distinctly sceptical over how many so-called hands-on funds really have the management skills to practice what they preach.

IN BRIEF

MILTON KEYNES Business Venture is the latest enterprise agency to launch a venture capital marriage bureau to link small businesses with potential investors.

This technique, pioneered by the London Enterprise Agency, has become increasingly popular in recent years and is now practised by six agencies. Investors will receive regular bulletins containing synopses of business ideas searching for cash. Meetings will also be held, at which entrepreneurs will present their business plans.

Details from Investment Matching Bureau, Milton Keynes Business Venture, Sentry House, 500 Avebury Boulevard, Central Milton Keynes, MK9 2LA.

●

CAMBRIDGE Capital, a small Cambridge-based issuing house, has launched what it claims to be the first Business Expansion Scheme fund dedicated to ventures in East Anglia.

The Cambridge Capital Expansion Fund is hoping to attract between £500,000 and £1.5m by January 17. It plans to invest primarily in established companies not reliant on new technologies, though start-ups and other high risk proposals will be considered on their merits.

"The region . . . constitutes an area of great business vitality and growing commercial importance," says the managers. The industries they are likely to back include light manufacturing, services, agriculture, horticulture, tourism and goods handling. Details from Cambridge Capital, 7 Green Street, Cambridge, CB2 3JU.

●

SCOTTISH Eastern Investment Trust is to make up to £20m available to provide equity finance for small management buy-outs.

The money will be used to back buy-outs arranged by Candover Investments, a specialist in the field which recently launched a £250m buy-out facility with Electra Investment Trust.

Scottish Eastern, which has £240m under management, is looking to back buy-outs where less than £10m of non-bank finance is required. Institutions representing another £40m have made similar arrangements with Candover. The Electra Candover Investment Plan, by contrast, confines itself to buy-outs needing more than £10m.

●

BINDER HAMLYN, the accountancy, has updated its guide to financial and advisory help for small businesses from the UK Government and the European Community.

The booklet is free, but the firm has introduced a £57.50 charge for its advisory service whereby it provides details of the assistance schemes for which individual small businesses are eligible. This is because of the overwhelming response to the formerly free service when it was introduced last summer.

Government Help for Your Business can be obtained from Binder Hamlyn at 8 St Bride Street, London EC4A 4DA. Tel. 01-353 3020.

●

THE Polytechnic of Central London has vacancies for its ten-week small business course, starting on January 13.

Tuition, board and lodgings are paid for by the Manpower Services Commission and the course is open to any jobless person who has a business plan and is ready to work hard. Two thirds of the businesses started from earlier courses are still trading successfully after two years.

Details from Robin Tuck, Faculty of Management Studies, 35 Marylebone Road, London NW1 5LS. Tel. 01-486 5811 extn 236.

Management Courses

APPOINTMENTS

Reorganisation at Nurdin & Peacock

Mr George King, managing director of NURDIN & PEACOCK, has retired, but becomes a non-executive director. Nurdin & Peacock has become a holding company, with Nurdin & Peacock Cash & Carry as a principal subsidiary covering all aspects of cash and carry trading, and with N & P Leasing, and N & P Properties forming the remainder of the group. Within the new structure Mr Michael Peacock remains chairman of all companies in the group. Mr David Rowley becomes managing director of the holding company with Mr David Poole as deputy managing director. Other board members are as at present: Mr Tom Grimwood, Mr Norman Kerry (financial director and company secretary), Mr Bob Luckhurst and Mr Ron Rawlings. The board of Nurdin & Peacock Cash & Carry will consist of Mr Rowley and Mr Poole as joint managing directors responsible respectively for administration and trading, together with the other executive members of the holding company board. Mr Tony Hopkins, associate director, joins the board of the cash and carry company as marketing director with primary responsibility for the drinks division, non-foods and department administration.

★

Mr Barry Goddard has been appointed managing director of CENTURYAN SERVICES, a member of the OCS Group. He was operations director.

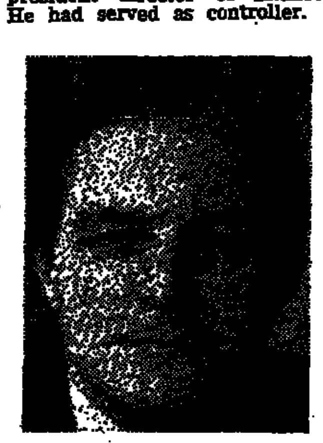
★

SURGICRAFT has appointed Mr David Peddy as marketing director.

Gartmore posts

Mr G. A. Adkin, Mr P. Pearson Lund, Mr F. A. Scott, Mr R. H. Stedall and Mr D. W. Watts have been appointed to the board of GARTMORE INVESTMENT MANAGEMENT. Mr P. N. Buckley has been elected chairman and Mr W. Campbell Allen deputy chairman. Mr W. E. Matthews has resigned from the board. Mr Adkin and Mr Buckley are directors of British and Commonwealth Shipping, which acquired Exco International's 50.1 per cent interest in Gartmore on December 23. Mr Matthews is managing director of Exco. Mr Lund is managing director of Gartmore Fund Managers, the group's unit trust management subsidiary. Mr Scott has responsibility for Gartmore's international investment strategy, Mr Watts is managing director of Gartmore Pension Fund Managers and Mr Stedall is group finance director. Gartmore is now a wholly-owned subsidiary of British and Commonwealth Shipping.

Mr Herbert Windsor has been appointed senior vice president—treasury/commercial division for HFC TRUST & SAVINGS, Bracknell. He was general manager, City office. Mr Richard Matthews has been appointed senior vice-president—banking services and administration. He was treasurer. Mr John Whitehorn becomes senior vice president—director of finance. He had served as controller.



Mr James Larkin, executive vice president, American Express

Mr James T. Larkin has been promoted to executive vice president, financial services institutions, AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY. He will be responsible for the development and enhancement of FSI relationships worldwide and play a key role in the strategic development of marketing of paperless transaction opportunities worldwide through automated teller machines (ATMs) and electronic funds transfer at point of sale (EFTPOS). Mr Larkin was previously president—TRS Europe Middle East and Africa, responsible for consumer financial and travel related services in that region. He will remain at American Express's European headquarters in London until July after which time he will move to the company's new world financial centre headquarters in New York.

★

PRESTWICH HOLDINGS has appointed Mr John Lawrie as group financial controller. He was divisional financial director of Diploma.

★

Mr Brian North has been appointed chairman of WA HOLDINGS in place of Mr Wilfred Airey, who has retired as chairman but continues to serve as a non-executive director. Mr P. Levinson, chairman of Prestwich Holdings, has been appointed a director. Mr K. Tong has resigned as a director.

★

Mr Ian (Tim) C. Ferguson and Mr Stephen Westpfel have been appointed to the board of COUNTY BANK, the merchant banking subsidiary of National Westminster Bank.

★

PRICE WATERHOUSE has admitted three partners. They are: Mr Roy E. Davies (Manchester), Mr Terry Halloran (Leeds), and Mr Keith G. Whitehead (London).

★

Mr Michael J. Kiely has been appointed a director of SMITH & NEPHEW ASSOCIATED COMPANIES. He was an associate director and is responsible for the group's operations in Australia and South-East Asia. Mr Terry F. Winter also becomes a director. He was associate director and is responsible for the group's operations in North America. Mr Kenneth W. Bradshaw has retired as a director and deputy chairman. Mr J. Dennis Robbins has also retired from the board.

★

Mr John V. Dawson, company secretary of TENNANTS CONSOLIDATED, has been appointed a director.

★

Mr Hugh Ashton has been appointed a part-time member of the BRITISH AIRPORTS AUTHORITY. He is an executive director of Hanson Trust.

★

ARCO, Hull, has appointed Mr Vincent Gibbons to the main board, and Mr Brian Norris to be a divisional director.

★

Mr T. R. Usher has been appointed executive chairman of CHANCELLOR INSURANCE COMPANY. Mr J. L. Sage has retired as managing director and is retained as a consultant and a member of the marine and excess of loss committee. Lord Plummer of St Marylebone has become a director.

★

From January 1 Mr C. M. Evans became joint managing director of SEDGLEY STEELS, and Mr A. D. Eastwell an executive director.

★

Mr Lewis Britz and Mr Pip Flint have been appointed part-time members of the MONOPOLIES AND MERGERS COMMISSION. Mr Britz has been executive councillor of the EETPU, southern region, since 1984. From 1970-1984 he was national officer dealing with the BBC, ITV, the Ford Motor Company, British Airways, British Caledonian and the service industry. He has been a part-time member of the London Electricity Board since 1979 and is currently chairman of the board's audit committee. Mr Flint was secretary of ICI and a head office general manager from 1981 until the end of November 1985. He served in ICI's secretary's department from 1961 on a wide range of subjects, including group organisation, legislation and Companies Act matters. He previously held a number of administrative appointments in the Colonial Service in Nigeria.

★

PRESSAC HOLDINGS has appointed Mr Geoffrey Charles White as group financial director.

★

Following the retirement of Mr T. P. Durie, assistant managing director of COURAGE LTD, and chairman and managing director of Courage Simonds, new appointments to the board of Courage Ltd will be made on February 1. Mr R. McLaren, managing director of Saccone and Speed, becomes managing director of Courage Simonds, the southern trading arm of Courage. Mr R. J. Spence joins the Courage board as managing director of Saccone and Speed. He is head of management services for Imperial Brewing and Leisure. Also joining the Courage board is Mr N. E. Holmes who became managing director of Courage Take Home Trade in August 1985.

Fielding forms new company

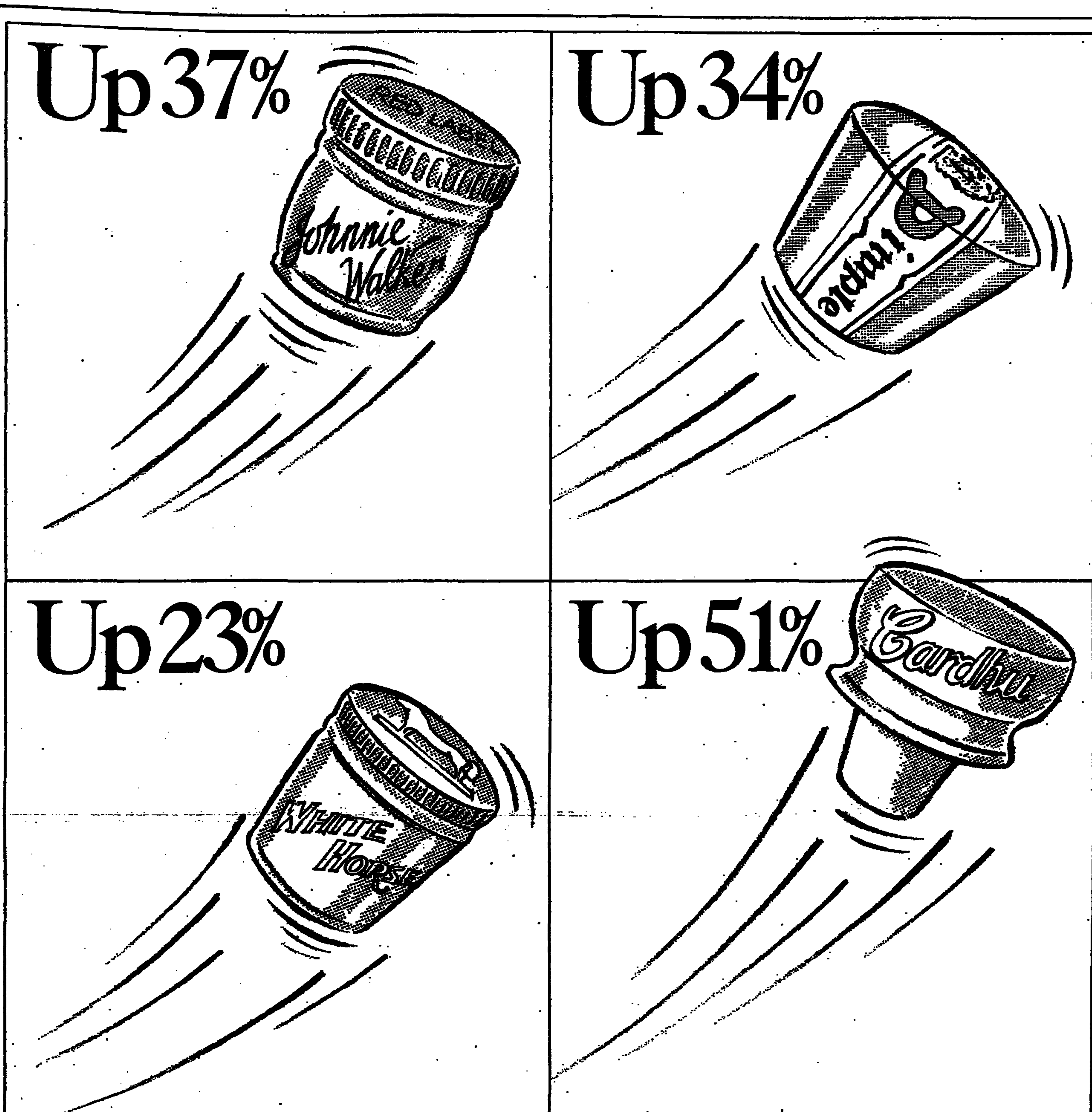
FIELDING INSURANCE HOLDINGS has formed a new company—Fielding Insurance and Reinsurance Brokers—to supervise the operations of the UK subsidiaries of the group. The board of this company will consist of: Mr R. W. Fielding (chairman), Mr S. K. Beers, Mr T. E. Broadhurst, Mr A. D. Brotzel, Mr M. S. Jones, Mr B. A. Juggins, Mr M. H. Kier, Mr J. G. MacKenzie Green, Mr P. F. McCarthy, Mr A. J. Money, Mr J. S. Smeaton, Mr J. Stanway, Mr C. J. T. Stewart, Mr R. C. Weston and Mr R. L. White. The following appointments have been made in the group: Mr N. E. Dexter and Mr J. P. Procter have been appointed directors, and Mr P. J. Austin, Mr G. J. Rundock, Mr G. L. Johns, Mr R. J. Leadley, Mr P. D. Playford, and Mr D. E. Rose have been appointed assistant directors of Fielding Juggins Money & Stewart. Mr White has been appointed a director of Fielding Smeaton Jones (Agencies). Mr Smeaton and Mr Stewart have been appointed directors of Anthony Kidd Agencies. Mr Stewart becomes a directors of Berkeley (Insurance). Mr G. H. Tymms has been made a director, and Mr M. C. Darby and Mr C. M. Fisher have been appointed assistant directors of Fielding & Partners (Marine).

Businesses Wanted

Businesses For Sale

International

Business Services



Source: DCL Home Trade Case Sales statistics April–September 1985 compared to same period previous year.

This should scotch the story you're spreading, Argyll.

The Distillers Company plc.

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Architecture

While the patron and the public demand higher standards of design, the inner cities are crying out for a sensitive community-based approach. Can one profession meet all these demands?

Monuments of the future

By Colin Amery

Architecture Correspondent

IT HAS always been maintained that you cannot have a good new building just by employing a good architect; you have to have a good patron as well. Historically, it has always been the case that powerful patrons have created great artists, not just by providing commissions but also by contributing to the creative debate.

Are today's architectural patrons in the same league as the Popes and families such as the Medicis? Do they care enough to create the monuments of the future or does profit come before all else?

The total value of architectural work on the nation's drawing boards last year was some £4,058m. According to the Royal Institute of British Architects some £2,537m of this total is attributable to the private sector. This is a high level of private patronage of the design professions, and an extraordinary opportunity to influence taste and style.

Although this is a large sum it does not follow that it represents a direct form of patronage. Many developers are building speculatively not knowing who the eventual occupiers of their buildings will be.

This is the major difference between patrons of the present and the past. On the whole the direct influence of a patron building for himself produces the finest result. There is a creative dialogue plus a knowledge that in some way the result will reflect the personality of the patron as well as that of the architect.

Today the story is very different. Much public architecture, provision for health, education, police, the Army is the result of bureaucratic debate and committee decision-making. Direct patronage in the public sector is rare.

During the 1960s the very word developer was synonymous with bad architecture. As supply of space lagged behind demand it was not necessary to use good design to sell the building.

Today it is different. A new breed of developer has sensed that the public cares a great deal about the quality of the environment and is, thanks to the impetus of the conservation movement, much more informed about architecture generally.

Planners too are struggling to improve architectural quality but their input on aesthetic matters has to remain circumscribed.

What is missing in the UK is a sense in the private sector of the demand for a high quality corporate image for a company that is commonplace in the United States. While some developers have realised that good architecture sells, it is less true of businesses who are often simply concerned to get a cheap roof over their heads.

There are stirring exceptions to this rule and they are the firms that win the awards and gradually are helping to generate a competitive sense of design in the business and industrial world. IBM, for example, has always commissioned excellent architects for its buildings both in the UK and other countries.

IBM has used Arup Associates for its major Havant headquarters, Sir Denys Lasdun for the London offices alongside the National Theatre and Norman Foster for the Greenford distribution centre.

The 1985 Financial Times Architecture at Work Award joint winner, the research centre for Schlumberger by Michael Hopkins, is an example of enlightened and even experimental patronage by this company. Herman Miller are another firm renowned for their faith in good design and their Bath factory by the Farrell-Grimshaw partnership has long been a flagship for enlightened design patronage.

There are developers in the speculative office world who should be singled out for their concern for architectural quality. Stuart Lipton, of Rosehaugh / Stanhope, Geoffrey Wilson of Greycoat Estates, and Trevor Osborne of Speyhawk are the troika of architecturally conscious developers.

The combination of the skills of Stuart Lipton and Jacob Rothschild on the Paternoster site next to St Paul's Cathedral will represent a test of real patronage. Will they seize the opportunity to enhance the face of the City for posterity and demolish the mediocre buildings they have bought, replacing them by a series of buildings of best possible quality?

The opportunities for patronage are legion. Generous benefactions like the Sainsbury gift to the National Gallery have raised the whole level of the debate. Can architects live up to these enormous challenges?

Slow road from tower blocks to communities

Inner cities

RIOTING IN 1985, rumours of no-go areas in Britain's inner cities and the public pronouncements of the Church of England and the Prince of Wales have focused attention on Britain's urban problems in an unparalleled way during the past two years.

Somehow the image for the dilemma of our ill-designed urban environment has been crystallised by the sight of the Hackney tower block refusing to respond to the explosives planted by demolition men. As the concrete frame resisted the dynamite so architects have been reluctant to accept their responsibility for the form of the post-war inner city.

There is ample evidence that it was the architects who were listened to by the post-war Conservative and Labour governments during their strong advocacy of the system-built tower block. Official Royal Institute of British Architects' views carried a great deal of weight and the pressure to build high was almost irresistible.

There is little point in apportioning blame after the event but it is worth examining the philosophy that the architects were influenced by.

A whole generation of architects and town planners believed that cities were representatives of the new climate of rationalism and realism. Their sentiments are summed up in the words of the architect Mies van de Rohe:

"We are concerned today with questions of a general nature. The individual is losing significance; his destiny is no longer what interests us. The decisive achievements in all fields are impersonal and their authors are for the most part unknown."

This was written in 1924 and the consequences of this kind of thinking can be seen in the social and architectural anonymity of our decaying inner cities. The consequential loss of any sense of community is what has provoked the environmental professions into a realisation that they have to try a new approach.

Today the Royal Institute of British Architects no longer lead public or government opinion. Instead they have been put in the awkward position of covering their tracks and rapidly joining the community architecture bandwagon. This started to roll far away from officialdom in the streets of the inner cities themselves.

The success of community-inspired rehabilitation schemes has taken a long time to excite the professionals. It was back in the early 1970s that the architect Rod Hackney inspired the residents of Black Road, Macclesfield, to see the potential of their existing streets of small 19th century houses.

They were able, through his successful manipulation of local authority grants, to improve their own homes, save their community and act as an example to residents in other cities. It may not seem remarkable now but it was almost the first time that there had been an architectural change of heart that was a response to the actual needs of clients.

It is the decline of the imposed solution, a conviction that professionals do not always have the answers, that has created a new mood of architectural collaboration. There is a whole range of alternatives to the professional-led renewal programmes for our inner cities.

It has been said that the architects hold the pencil but the people do the design—where this is the case there has been a major improvement in the quality of inner city life.

Alongside the decline of heavy industry or the ports it is bad housing that shares the central role and responsibility for the decline of the inner city. In Liverpool, London and Glasgow there are several signs that the situation is changing. Housing co-operatives, self-help schemes and a development of a variety of community technical aid and advice services are clearly providing some of the answers.

The fact remains however that a city like Glasgow has more than 250 tower blocks, and it is estimated will need something like £1,600m by the end of this decade to cope with its housing problems.

In Liverpool, the success of the housing co-operative movement is now very visible and the Government's recent support for the Eldonian Co-op's scheme for housing on the derelict Tate and Lyle site is a major encouragement. The local people plan to build a complete urban village that will provide jobs as well as housing.

The appearance of community-based housing schemes is in marked contrast to the often derelict and worn out local authority schemes. There is a return to individual pride in ownership and a real sense of communal responsibility for the environment.

Progress in changing the profession's role in the inner cities is slow. The establishment of CUDATS (Community Urban Design Assistance Teams)—groups of professionals of a variety of disciplines that will visit a troubled area and propose some "laterally thought out" solutions has been relatively ineffectual to date.

Only one team has carried out a successful enterprise, in an area of Southampton that was down at heel rather than on the brink of disaster. Plans for a similar experiment in the East End of London are expected soon.

The problem with a short-lived invasion by a group of (usually London-based) professionals is that it still smacks of the "we know best but we thought we'd ask you some questions" approach. Where community efforts in the inner city have been most successful they have sprung from the grass roots.

The change in emphasis that is needed in the inner cities, and it is something that architects are very slow to grasp, is that social initiatives are as good as useless without the stimulation of economic activity. In the US the introduction of private capital in cities like Baltimore and San Francisco has had a more dramatic effect than officially sponsored schemes here in the UK.

Community architecture in the British inner city now needs the support of a private/public approach to funding. It also needs to be linked to a financial programme that can encourage house ownership for the poor and job creation schemes in the building fields.

There cannot be another architect-led revival of the inner city—the role of the professional designer is too scarred by the recent past. Architects must be enablers to act as on-the-spot advisers. A more modest role is called for—the professionals must help the communities in the inner cities to develop self-confidence in their own regenerations.

C. A.

One of the 1985 winners of the Financial Times Architecture at Work Award demonstrates the value of patronage. The Schlumberger Cambridge Research Centre designed by Michael Hopkins Architects, makes revolutionary use of new materials and constructional techniques

RIBA set for a squeeze

Education

"WE HOPED to cure the problem through neat surgery — instead we have a bloody mess." This is how Peter Melvin, the RIBA education committee chairman, sums up the current difficulties in architectural education. The unkindest cut of all may well turn out to be Melvin himself, since forces within the profession are already baying for his blood.

This reaction could not be less fair, if only because Melvin has been doing no more than try to implement policies overwhelmingly endorsed by the RIBA council.

The minimum training period for architects is seven years, of which five years are in full-time study and grant-aided. This means that three architectural students take up as much in grant as five ordinary undergraduates — a fact not well appreciated by the general public.

There are 36 schools of architecture in Britain, 15 of which are in universities and only one, the Architectural Association, is privately funded. These schools are power bases in their own right, with a sharp instinct for self-preservation. Their quality is ostensibly controlled by "visiting boards" of the RIBA.

This in itself is an anomaly, as the statutory registration body for architects in the UK is ARCUK, while the RIBA is, legally speaking, no more than a learned society cum private club. However, the problem is not that the boards emanate from RIBA, but that they do not seem to be exercising their control duties very well.

To put it bluntly, too many architecture students are passing their examinations, which entitle them to register and practise. For instance, in 1983 the percentage of architecture students passing Parts one, two and three was in the 85-88 per cent range, while the final entrance examination for the Institution of Structural Engineers, taken by students selected from the same bands of educational achievement, was no higher than 45 per cent.

The combination of free entry and high pass rates has resulted in a profession which has been and still is, growing steadily in numbers (19 per cent up since 1973) while its workload has been declining just as steadily. The inevitable result is under-employment, low productivity—and low pay. The median income for all architects is now about £13,200 a year, while the average for salaried architects is £12,300.

With so many architects under-producing and many others now leaving the profession to seek their livelihood elsewhere, the question of the long and expensive training period acquires more weight.

Critically for the RIBA, the two factors have now come together in the views of the Department of Education and Science. The need to implement cuts, which has been a constant factor over the last five years, has recently been joined by strong criticism of architectural courses, especially at polytechnics and colleges of further education.

"The learning experience for students is often enriching and enjoyable—but not always relevant to the skills required of practicising architects," a DES review concluded last September.

The report could find no explanation, let alone justification, for the different system in architectural education from other similar professions. Worse still, while design work generally passed muster, "schools often fail to instil complementary abilities in related areas such as technologies, economics, environmental issues and building sciences. Many students lack confidence and ability in the basic, practical aspects of design." Yet they have little difficulty passing examinations.

The RIBA has responded with an angry and detailed rebuttal, but its senior vice-president, Douglas Stephen, recently admitted that there has been little change in the curriculum since his own student days, at least 15 years ago.

However, it is not quality but quantity which has caused the recent crisis. The problem was well-known six years ago, when the then president, Gordon Graham, having failed to persuade his council to agree to any real action, settled for writing a letter to careers masters explaining the situation and asking that potential architectural students be steered elsewhere.

This faint-hearted approach achieved nothing but enabled the subject to be swept under the carpet until this could no longer be sustained. Cuts were being demanded, and the RIBA was left with the choice of allowing the painful decisions to be taken by others (the University Grants Committee or individual universities and polys) or make its own policy.

It opted for the latter, and there followed the Esher Report, which concluded that the cuts should be made by closing and/or merging six schools in Scotland, Yorkshire and London. This was the "neat surgery" thought preferable to letting many other schools suffer the death of the thousand cuts. Reductions across the board, says Peter Melvin, (Esher called for a 30 per cent reduction in intakes by 1990) would do untold damage to many schools whose numbers were already critically low.

However, when the time came for schools to be named, good intentions were superseded by personal outrage and vociferous special pleading.

Melvin is equally aware of the problem of course content, and does not deny that this should have been reviewed many years ago. If he survives the imminent personal attack on him, he will endeavour to do this.

Mira Bar-Hillel

Tricky problems of cover

Indemnity

ON JANUARY 1 of this year, all members of the Royal Institution of Chartered Surveyors became obliged to carry professional indemnity insurance. This was the final outcome of a decision taken some two years ago, which in turn was the result of pressure and bad publicity suffered by the surveying profession after several cases in which innocent individuals found themselves badly out of pocket because of a professional breach—with no recourse.

Architects have been grappling with the problem for just as long, but so far have not resorted to mandatory insurance as a condition of being able to practise. As a result, a number of architects are currently engaged in projects big and small with inadequate cover or even none at all.

This, however, is not the consequence of professional negligence on the part of the RIBA—rather it is a reflection of the immense complexities of the situation. The institution has found itself caught among factors on which it has little or no control as well as factors for which it is directly responsible. Before it reaches a long-term policy decision it is awaiting the outcome of several issues on which it is still actively engaged.

The complexity arises from the fact that the relatively simple considerations like British architects simply being made to pay for too large a number of breaches and mistakes have become embroiled in two international developments. The first is the world-wide epidemic of litigation and the second is the change, bordering on crisis, of the insurance industry.

To add to its woes, the RIBA is also fighting a battle gainst the Law Reform Committee's conclusions regarding revisions to the law on Latent Defects while at the same time trying to pick up the pieces strewn in the aftermath of its "sacking" of the insurance agency which until recently handled much of its members' business.

In the early 1970s insurance companies were well-placed to make the most of the steadily-rising interest rates. Their immediate aim was to raise as much in premiums as possible, and competition became very fierce.

As long as inflation raged, this process was able to fuel itself with insurers paying out on claims from the proceeds of funds invested at high rates of interest. This began to change in 1979: the combination of mild recession and the commitment to bring down inflation was disastrous. Ironically, the first manifestation of crisis was an acceleration of the premium price war. In desperation to increase their share of a shrinking market, companies actually reduced premiums further. Reductions of some 40 per cent in a year were not unknown.

The result of the insurance industry's problems internationally has been a partial collapse, with some of the big US companies withdrawing altogether, and others refusing to cover new practices. Even for existing policies, premiums which had gone down to about 2½ per cent of turnover are now being renegotiated at up to 10 per cent of turnover—a rise of some 400 per cent!

The irony is that since the crisis was not related to any profession's individual track record on claims and performance, the sometimes crippling rises—although in many cases they are no more than making up for ridiculously low past levels—are hitting the good as well as the bad.

As the RIBA sees it, it cannot control the level of premiums, but it does have an obligation to make sure that no architect is unable to obtain cover at all. This is in part because government and other public agencies are now demanding indemnity insurance (PSA, NHS, Housing Corporation) from all professional consultants.

Further, these organisations have begun to pursue claims with great vigour, as they are in turn pursued by their auditors — not to mention the Public Accounts Committee — to do so. This is what makes the law on liability and indemnity so vital a factor, and to the RIBA's great dismay, they believe that the recent two-year exercise by the Law Reform Committee, which may soon become law, has got it wrong.

The main argument centres round the exact time when the term of liability begins. The committee concludes it must be the date of the breach which caused the defect and this has been known to be as long as 20 years.

The RIBA sees months of futile legal wrangles in attempts to establish this date, and would much prefer the term of liability to be simply 10 years from the date of practical completion of the building. This date is not only indisputable, but also covers any attempts which are sometimes made to rectify breaches during the building process.

However, the RIBA Director of Practice, David Barclay, has been looking ahead beyond the matters of detail now plaguing the profession, and has just made his own proposals. His point of departure is the current mess, which serves no one's interest at all. Ideally, he says, defects, once found, should be rectified as quickly as possible, using insurance money but without having to wait years for a settlement.

This, he feels, can be achieved by an insurance taken out "by the producers of a building for the benefit of the users." He defines the producers as the entire team — including developers and funding institutions — who all contribute to, and control, the final product. He suggests such insurance be taken in joint names (allowing for no subrogation, ie parties suing one another within the team) for a 10-year period, rather than annually as is currently the norm.

Barclay wants subsequent owners and tenants to be covered by the policy — but he also wants claims by users against producers to be time-barred after the end of the 10-year period. By then, he says, "buildings insurance on an annual basis should be available at a reasonable cost."

Not only would this be in line with the law in other European countries, but evidence suggests that between 85 and 90 per cent of latent defects appear within the first 10 years of a building's life.

Whether such a system would inhibit architectural flair and innovation is something which, if Barclay's rescue package is adopted, time will tell.

M. B-H.

ARCHITECTURE 2

Valiant efforts to innovate

Housing

DEPENDING on whether you receive your architectural information from the property pages of the serious Sunday newspapers, or the columns of the architectural press itself, you will receive two very contrary impressions of the state of play in the design of new housing.

In the private sector the extremes range wide. With the statement by Mr Kenneth Baker, Environment Minister, in November that public funds for new housing are to be directed towards "special needs"—the elderly, disabled, hostels and special accommodation for single people—the provision of family housing in the public sector is negligible. And this includes the situation faced by housing associations, which depend on government finance through the Housing Corporation.

The shrinkage and change of workload (above all to repair and rehabilitate problem estates) has meant that architectural teams with consistent experience in housing have broken up. Presumably, some of these architects have filtered into the private sector but on the whole it suggests that in the future we will be back to reinventing the wheel.

At the luxury end of the private housing market there is little sign of clients being either as discriminating, or as entertainingly flamboyant as can be the case in the US. The fanciest jobs at the top of the market, Neo-Georgian or whatever, spawn fast-moving imitators and many respected architects in the housing field have the odd sensation of seeing their ideas plagiarised and travestied in executive estates and even in cheap and cheerful housing for first-time buyers.

Thus the timber-framed motif which first appeared as a fashionable frill on a housing scheme at Milton Keynes is now the flavour of the year around the country, from Luton to Louth. Publish and be imitated is the message.

Wherever you look, the view is retrospective. At the top end of the market reassurance seems the desirable commodity, together with every convenience within. While in the US spending a large sum on a private house often means waiting for the services of a well-known architect and building on a superb site, in Britain expenditure does not often corollate with architectural quality.

On the other hand in areas where developers are working to provide low-cost housing—local authorities, sometimes merely on newly-available pockets of local authority land — architectural design is in better shape altogether. Not that adventure into the experimental, either in materials, plan or elevation, is being practised here. What is happening is clever reappraisal of the forms indelibly established as the shape of British urban design.

In the right hands these forms, the terrace, the villa, the semi-detached house and the mews have been taken to pieces and put back together to suit modern needs. Villas turn out to be maisonettes or flats, terraces are designed with lateral emphasis as flats and maisonettes. Even the semi-basement is back.

Last year's Civic Trust awards (for the metropolitan areas) recognised a number of successes. A scheme by Jeremy Dixon in partnership with R. P. Taylor, as developers, for Westminster City Council, and another villa-type scheme by Colquhoun and Miller in Hackney typify the kind of adaptive, rather than reactive approach that sits most easily in areas already strongly defined in terms of street pattern and housing type. A second Dixon-Taylor scheme for Westminster, in Ashmill Street, Paddington goes back to the terrace for its inspiration.

At the top end of the market, the mews is the favourite place for this kind of mix and match. No longer the run-down backyard to better houses on the street, they prove to be one of the last corners in towns where redevelopment is often possible. Sometimes the ideal location for a single infill house but more frequently for a larger scale development, the architectural results range from the cloying to the neat. At best, too, the mixed uses so long a feature of mews life are retained and built back in, so that housing coexists with shops and workshops.

Similarly, the revisiting of older forms is echoed by the return to some materials which have been, if not unused, then under-used until recently. Brick and ironwork, stucco and tiling are in evidence and make perfectly good sense.

The fussinesses and out-of-context posturing of the Neo-Georgian does not seem a welcome sign, despite the zeal of those advocating a classical revival, nor the passion for pseudo-historical attachments, which can be seen in situations such as Docklands (where an unhealthy obsession with the Flemish seems to have taken over).

Yet where ornament is concerned, as the Georgian and early Victorian speculative builders knew so well, restraint is all—the parapet detail or the ironwork balcony is sufficient to vary the interest.

The involvement of architects is certainly greater now than some years back. "Architect-designed" has a cachet and both the "volume" and specialised housebuilders have in-house architectural staff. (Apart from all else, the planners expect that much.)

But it is not from the architect with the sales office as sole client that the best work comes. The architect with the imaginative developer alongside can break the mould—and sell the product—while an architect working directly with the house owner does better still.

Into this category come the valiant self-builders. Though they are rarely lucky enough to work with a genuinely innovative architect such as the late Walter Segal, whose group in Lewisham inspired many, there are still a few exciting ventures. One is in Sheffield, where architect Cedric Green has designed a group of low-cost energy-conserving houses for a co-operative of self-builders.

Simply designed with large-scale conservatories, sheltered courtyards and one eye always to aspect, they are the kind of venture that does deserve emulation. Backed by the city council and with assured mortgage finance from the Abbey National, they are a rare, and therefore, sad reminder of how much could be done with a bit of will and push from the financial institutions above all.

Gillian Darley

Above: Barratt's neo-Georgian Dulwich Gate estate, with prices between £400,000 and £500,000. The development, to comprise 23 homes, has won a number of awards for its high quality. Right: Black Road, Macclesfield, where the pioneering idea of community-based regeneration was born in the early 1970s, is still a symbol for the kind of achievement possible for many inner-city communities.

Questions about quality and standardisation

Enterprise zones

SINCE THE introduction of Enterprise Zones five years ago, it should be time by now to judge whether the loosening of planning controls is a way of releasing architectural quality, or suppressing it.

Or, perish the thought, does the status of the zones make very little difference at all? In the absence of standard planning restrictions and regulations is it possible to find buildings either dramatically worse than the norm, or just much the same?

Peter Hall, Professor of Geography at Reading University and a promoter of the original idea behind Enterprise Zones, has come to the second conclusion. Writing in Town & Country Planning last year following the monitoring of the experiment by outside consultants, he pointed out that in many respects little has changed: the building regulations remain; there is informal contact with the planners which may amount to much the same degree of regulation (seeming to suggest that industrial development is not as over-regulated as all that, anyway); and, most importantly, the buildings tend to be fairly standardised.

The industrial shed has improved (at least superficially) enormously in the last five years; colour, imaginative patterning and placing of dominant (or the only) features such as doors and windows, the adoption of cladding materials and new technology in lightweight, low-cost glazing materials have all contributed. It is likely then that a new factory in an Enterprize Zone will be indistinguishable from its neighbour on the periphery. Standardisation is still the norm: it is merely that the standards have improved.

That point, however, refers to the individual factory or warehouse. The real question is whether without any overall coherence the new industrial estate, which happens to be an Enterprise Zone, is more than an architectural jumble sale — a mixture of worn-out items.

Certainly experience in London's Isle of Dogs Enterprise Zone is not reassuring. For example, along important stretches of waterfront appears a random bunch of good, bad and mediocre buildings — and not many good ones. What a chance for an exercise in imaginative urban design has been lost there: the enormous speed with which the successful Enterprise Zones have developed has left no time for the considerations of overall planning, in its more imaginative aspects.

In Corby, one of the success stories among the 13 "first-round" Enterprise Zones, more than 150 factories have opened. What do they look like? They have been developed under the aegis of the Commission for New Towns, which took over from the New Town Development Corporation in 1980—ironically enough at the point at which the steelworks, on which the town was founded, was closing.

Thus the Commission had a major task in hand and one of its first moves was to apply for Enterprise Zone status, which was granted in June 1981 for three industrial areas. With 10 years' rate-free tenancy, relaxation of planning controls and financial incentives, the attractions of the designated areas were obvious.

Factory building was carried out by various means, by the Commission's own advance factory building programme, developed speculatively and covering a full range of accommodation from tiny workshops through to complexes offering as much as 50,000 sq ft.

These were designed either by the Commission's architects, by private architectural practices working for the Commission or by building contractors offering a design and build package—the latter increasingly dominant in this line of work. So far the Commission has completed 186 units, totalling more than 1.8m sq ft of accommodation.

Other industrial premises have been developed speculatively on land bought from the Commission or by companies designing their own premises on land purchased or leased from the Commission. The private sector has added a further 1.43m sq ft to the Commission's own provision.

Because of the Commission's role in building advance units the coherence of the estates at Corby is noticeable. For example, Weldon South Industrial Estate is made up of replicated units set around central parking and unloading areas, with peripheral landscaping to help soften the effect of such scale and uniformity.

The Weldon North Industrial Estate, again landscaped with some care and attention, has a mixture of types of accommodation but, in the end result, a fairly uniform impression of long low, top-lit sheds clad in pale materials and sharpened up with some splashes of colour. One only has to look back eight or 10 years to find times when such industrial premises were exceptional, even prize-winners in prestigious architectural competitions, but now the formula is established and the end result is an improvement on the common denominator.

The second generation of zones (14 often divided between different sites) was designated in 1983-84 but there is no reason to expect a different approach.

The key to the architectural element in Enterprise Zone development appears to be little to do with planning in its development or aesthetic control elements, and much more to do with a rising awareness in industry and the end product manufacturers who supply this sector, of the importance of having at least decent-looking premises.

Whether this attitude goes much beyond the exterior is doubtful. British industry still demarcates canteens, affords little attention to the design of working environments and generally allows for the perpetuation of bad practices through inadequate attention to design.

The Enterprise Zones are no worse than the average, but the requirement for speed does favour the simplest possible solution and thus "off-the-peg" tends to win the day. The luxury of the custom-made interior environment is not the stuff of which Enterprise Zones are made.

G. D.

Radical change to development plan

The City

A NEW PLAN which outlines the pattern of development in the City of London for the next ten years, was agreed in principle by the Court of Common Council in December and is now doing the rounds of consultation. It is so radically different from the earlier draft as to make last year's Mansion House Square inquiry seem like a tea party.

When the developer, Peter Palumbo, lost his appeal to the Environment Secretary, it was suggested that he might like to build his dream tower, designed by Mies van der Rohe almost 20 years ago, in London's Docklands. It is perhaps ironical that the immediate reason for the City's change of heart, which will allow substantially more commercial development in the Square Mile at the inevitable expense of conservationist interests, is a proposed development in the Docklands which the City fears will dwarf it not only physically but commercially as well.

The plan, backed jointly by international bankers Financière Credit Suisse-First Boston and Morgan Stanley International, is to build over a seven-year period some 10m sq ft of offices at Canary Wharf, on the Isle of Dogs—only two miles from the City.

The first phase alone, which the developers want to complete by 1988, contains a 42-storey block, almost half as tall again as the City's current highest, the National Westminster Bank building, and the scheme as a whole proposes two more.

In return, say the developers, they would provide large landscaped spaces which, among other benefits, would preserve the views along Greenwich Reach of and from the Royal Naval College and the Observatory.

For what is possibly the largest single development ever proposed in Britain, Canary Wharf has had a strikingly short gestation period and already enjoys the full backing of the relevant planning authority, the London Docklands Development Corporation.

All of Phase One is within the Isle of Dogs Enterprise Zone and the Government is firm that in spite of a clamour of demands to make the plans go through the long and tortuous planning system, there will be no public inquiry. It has also been broadly welcomed, albeit with some reservations, by the Royal Fine Art Commission.

This gives the two banks a real hope of occupying offices at Canary Wharf in 1988, which they insist is imperative. This will be especially good news to them, as Docklands was not their first choice.

Their representative, Mr G. Ware Travelstead, chairman of First Boston Real Estate, has been in London for four years trying to find suitable premises. Each of his banker clients requires 400,000 sq ft of space, in large floors uninterrupted by columns and other obstructions, suitable for financial dealing.

The City, at present, has nothing to offer in this range, nor could it deliver any such floorspace within the time limits required by the financial institutions involved, certainly not on new sites. Travelstead spent some time looking at other possibilities.

The final attempt was a proposal to develop behind the façades of a row of buildings in Threadneedle Street. But retaining the façades was not enough: the planners required that a room-sized perimeter be left between the frontages and the new construction, so that passers-by looking in the windows would not be able to see anything modern.

Travalstead, who trained as an architect in the US to gain a better understanding of property development, could stand it no longer. Canary Wharf was his next port of call, before looking to Europe.

But his success there, utterly incredible in terms of the time it takes to get anything off the ground in the City, has now returned to haunt those who so recently told him, in effect, to take his business elsewhere.

At a recent seminar, organised in London by architects Whinney Mackay-Lewis to examine the impact on the City of the deregulation of the Stock Exchange in October, Michael Cassidy, deputy chairman of the City's planning committee, told his audience that there was no question of the City adopting policies which would inhibit its development as a centre for financial services without which it would "lose the very reason for its existence over the centuries."

Conservationists who opened the champagne bottles in the wake of what they saw as victory over Mr Palumbo will get a nasty shock when they see the amended City Plan, details of which were revealed by Mr Cassidy. "The general emphasis of the plan towards conservation will be amended," he says. "There will be a general policy which welcomes office developments.

"The special considerations which apply to listed buildings and conservation areas will be confined just to those subjects and will not apply generally throughout the City. Identification of secondary buildings which have merit but which are not listed is likely to be removed." Most of the buildings on the Palumbo site are in this category.

On plot ratios, the complicated system by which City densities are decided, there will be a "considerable rationalisation" which will "significantly increase potential for expansion of office space in response to current demand."

This does not necessarily mean the wholesale demolition of old buildings. Mr Peter Rees, the City's new Controller of Planning, is keen to retain what he calls the "scale of the City core — the pubs, the alleyways, the open spaces." That said, his new idea for creating the required office space include building over the City's main arterial routes — London Wall, Thames Street and the Embankment — turning them into through tunnels. Existing examples of 1960s architecture would then be cleared to make way for lower but much denser blocks.

The greatest irony would be if, having caused the City to do a planning U-turn, Canary Wharf failed to sing. This could happen if, for example, the consortium failed to obtain permission to extend the Docklands Light Railway into Bank Station, or if other major delays occurred.

But even this gloomy scenario is not without its silver lining. The City has woken up to the needs of commerce and financial institutions in a way not seen before, and the results are bound to be far-reaching.

While conservationist frontiers are bound to be pushed back, standards of new development will not be lowered, Mr Rees insists. He says London will on no account become a City of Towers: the emphasis is to be on medium rise with high density, coupled with the use of traditional materials—especially stone—and contemporary rather than futuristic design.

The Lloyds Building, he says, would probably not have been given planing permission in 1985; designs like it are equally unlikely to find favour in 1986 and beyond.

Mira Bar-Hillel

Entries in a dubious race

High buildings

THERE IS something rather manic about those monthly news stories from across the Atlantic: "Developer plans world's tallest building." If no further contenders suddenly turn up the current titleholder is Donald Trump's just-announced 150-storey centrepiece for "Television City" in New York designed by Helmut Jahn.

Planned to stand 515 m high amid a range of other towers on the Penn Central Railroad yards, it challenges Chicago's Sears Tower, designed by Bruce Graham and Fazlur Khan of Skidmore, Owings and Merrill, which has held the title since the early 1970s.

London's current competition entry in this dotty race is the recently-announced Docklands scheme, at Canary Wharf, an outline development as yet (and with the ubiquitous SOM as one of the consultants to the developers). The scheme is able to catch the headlines more because of the interest in a new collection of skyscrapers than for other more important reasons such as its impact on the City as a world financial centre.

So what is the fascination? Do cities of towers actually provide environmental satisfaction, viewed from close focus rather than in the sparkling image of the Texan boom town seen across the prairie on the television screen? It is hard to argue the glamour of the skyscraper as building type against the background of jaded examples from the 1960s or 1970s: smeared reflective glass or dirtying cladding panels take much of the glitter out of it all.

The masterpieces look as good as ever, but for the rest. . . A few of the physical problems which even a single high-rise block can bring were illustrated by evidence given at the Mansion House Square public inquiry. The complex business of dealing with the impact of a tall, quite slender building standing in an open plaza in the City of London required the advice of serried ranks of experts, advancing their views on the effects of sun and daylight and crucially, the engineering stresses.

Much of the problem of the city of tall buildings is that of the aggravated scale and density of movement of people; of the relationship between the structure and its ground level surroundings. Anyone who has tried to move around the recently most fully redeveloped area of Manhattan —around Madison and Park Avenues of the mid-1950s—will have experienced the victimisation of the population by over-development. Public transport and the infrastructure in general have not been adapted to deal with such intensification of use.

Of course, some environments have made the tall building a prerequisite. Land scarcity in Hong Kong dictates the case there. But the Foster Associates headquarters for the Hongkong and Shanghai Banking Corporation is much about symbolism. Its mere 47 storeys soar above the competition (notably the Bank of China) but within a setting unusually relaxed and spacious for the tiny colony — you can actually look at it across the open landscape rather than experience the usual sensation, as in Manhattan or even the City of London, of risking a dislocated neck.

G. D.

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A grand plan for better law

THE PROPOSALS for a reorganisation of the government legal service and the creation of a strong Department of Justice published by the Social Democratic and Liberal Alliance last week should not be treated as a matter of party political interest. Indeed they deserve the support of all parties.

The English legal system is a house of venerable antiquity. Regional customs were gradually united into common law and this was further developed by judges. The industrial revolution and later the emergence of the welfare state generated the need for statutory rules which now dominate a system required to serve a greater multitude of people and of functions than could be envisaged even 50 years ago.

Both the legal system and the machinery of its administration have been developed by additions and small alterations, according to political and administrative convenience, without any overall plan. Various recent attempts to respond to the general discontent with its poor performance failed because the root of the trouble is the lack of a coherent and rational system. Partial remedies are not enough.

Internal conflicts

Only one of the several functions of the legal system, the enforcement of criminal law, is integrated in one department of state, the Home Office. However, the Home Office is also responsible for the development of criminal law and for the procedure and administration of criminal courts. This creates internal conflicts of interest which make it difficult to keep the safeguarding of liberty in step with the unavoidable bureaucratisation of the modern state. Freedom of information, remedies for miscarriages of justice and the integration of the European human rights convention into domestic law have all suffered.

The responsibility for legislation other than criminal is fragmented or lacking altogether. Thus parliamentary draftsmen receive instructions which are poorly coordinated and much delayed and parliament itself has not enough time for legislation which is not of party political interest; business legislation suffers most.

This difficulty is aggravated by the fact that the Lord Chancellor is not represented in the House of Commons and is burdened by a number of historical and unessential tasks. Being a member of the cabinet, a judge and a judge-maker at the same time, he straddles uncomfortably the domains of public and professional interests. This makes it almost impossible for him to deal effectively with the vested interests of solicitors and barristers.

Greater range

The proposal advanced by the Alliance sound novel only in the UK context. In the wider world of the Commonwealth and of the democratic countries of Europe a separate Department of Justice is the normal and well-tested solution. The Alliance proposes that such a department should be established and that it should be headed by a member of the cabinet preferably sitting in the House of Commons or at least represented there by a junior minister.

For a long time there has been doubt whether the highly personal function which the Lord Chancellor has in appointing judges can lead to the best selection. The Alliance proposes that this task should be transferred to a judicial commission which could reflect a greater range of opinion. One could add, perhaps, that the selection should not be limited, as at present, to barristers.

According to the proposals, the Department of Justice would exercise some of the present powers of the Attorney General, including that of political responsibility for the Director of Public Prosecutions and his staff.

Legal services of the government, including co-ordination and drafting of legislation, legal advice to the government and conduct of government litigation, should be, according to the proposals, concentrated in a separate department which would also provide in-house lawyers for other government departments.

This grand scheme of reform will require elaboration in detail, but it is hard to see how, without a coherent overall plan, the door can be opened to the necessary reforms, particularly in the field of civil and commercial law.

Mexico's fall from grace

MEXICO, ONCE the model of successful readjustment to the debt crisis in Latin America, has fallen from grace and risks becoming a casualty again. The precariousness of Mexico's situation was implicitly recognised by the recent minisummit between President Reagan and President de la Madrid; and while both Mexico and its international creditors can draw comfort from the willingness of the US administration to be a guarantor of last resort for this strategic ally, the basic issues remain unresolved.

The changes in perceptions underlines the short term nature of the measures taken to resolve the problems created by the country's $96bn foreign debt. The swing of the pendulum is also a disturbing result of Mexico's unique political system based upon a single party and six year presidency, which is proving too rigid to adapt to change.

The successful readjustment of 1983-84 was due to a brutal halving of the import bill and sharp cutbacks in public sector spending. Although this was surgery, it required courage from the government of President Miguel de la Madrid.

Follow-up phase

However, it was recognised by both the Mexican Government and the country's international creditors that there had to be a second, and more complex, follow-up phase. This involved structural adjustments in the economy to permit renewed growth against a background of continued service of debt obligations. The necessary changes included reduction of subsidies, removal of nationalistic constraints on foreign investment, liberalisation of trade and a shift (as much psychological as practical) away from an economy centred on import substitution to export-generated growth, reducing the traditional dependence upon oil.

It is this second phase that has come unstuck. Mexico has been one of the chief victims of the unexpectedly sharp decline of oil prices. Since oil accounts for over 70 per cent of exports, falling oil prices have forced constant revisions of balance of payments projections and have overturned all the original debt service and borrowing forecasts. Mexico has also been knocked off its stride by the appalling earthquake which struck the capital and four states in September. The cost of repairing the damage looks like being over $6bn.

More sympathy would have been forthcoming from the international financial community on these two accounts had the de la Madrid administration shown more convincing leadership. Economic policy has been swept up into the game of political survival.

President de la Madrid encouraged a false sense of economic recovery in the run up to July's partial, but important, state elections. Increased government spending stimulated a mini-boom which pushed up inflation and distorted the trade balance. Damping the boom has proved more difficult than expected, and now the government has been obliged to introduce austerity.

This aberration and correction could have been avoided if the political system had felt confident enough to absorb criticism and permit a more open result in the elections. As it was, the ruling PRI was caught fiddling the elections with insensitive arrogance. Since the PRI is an institutionalised part of government, the sour aftertaste of the elections has rubbed off directly on the de la Madrid administration. Moreover, instead of capitalising a mood of national solidarity at the time of the earthquake, the government squandered the occasion—not wilfully, but from sheer institutional inability to act sensitively.

In the present climate even the best and boldest decisions tend to lack impact. Such was the case with the recent move to join GATT, breaking with years of reservations about trade liberalisation.

There still is time and sufficient international goodwill towards Mexico to put matters right. Its strategic importance to the US is obviously a vital card. Nevertheless, President de la Madrid must cut through the cumbersome machinery of government to bring about the reforms that are needed. If not, there is little prospect of reviving economic growth, and for the next three years Mexico will be enmeshed in end-of-office politics.

FACTORY AUTOMATION

A surprisingly rough ride for almost everybody

By Ian Rodger

EVERYONE loves to go to a party, but the atmosphere can pall if the guests are unable to find the cake.

The rapidly emerging factory automation industry — which supplies robots, computer-aided design systems and microprocessor-controlled industrial machinery to the world's manufacturers—appears to be that kind of party.

Dozens of capital goods makers have rushed into it in the past couple of years, seeing it as a much needed source of new growth and profit. Some analysts believe factory automation will be a $100bn industry by 1990, with annual growth rates of more than 20 per cent in most sectors.

But so far, the markets for the new machinery and systems that promise to revolutionise factories have been a great disappointment for most of those involved.

● General Electric of the US, which announced in 1982 with considerable fanfare that it was setting out to be one of the world's major suppliers of what it called "the factory of the future," has recently admitted that it has lost more than $120m on the venture, and has decided to scale it down significantly.

● Computervision, a leading maker of computer-aided design (CAD) systems, reported a loss of $59m for the first nine months of 1985.

● Cincinnati Milacron, the leading US robot and machine tool maker until last year, has made a profit on robots in only one of the last 11 years. Last month, it announced a write-off of $52m in its troubled robotic and machine tool operations.

Even some of the leading Japanese companies are having difficulty wringing profits from advanced factory automation systems. Mr Kinroku Degawa, president of Hitachi Seiki, a leading supplier of flexible manufacturing systems (FMS), says, "My worry is that FMS will not be profitable for the suppliers. It certainly is not profitable for us at the moment."

The difficulties of these and many other companies appear to stem from two main causes. In the cases of robots and CAD systems, growth is already very rapid, enticing scores of companies that are all trying to build market shares by cutting prices. Laura Conigliaro, a robotics analyst with Prudential-Bache in New York, predicts gloomily that the robotics industry is in for a long period of "profitless prosperity."

In other sectors, such as FMS, automated materials handling and more integrated factory automation, the anticipated growth simply has not happened yet. "The snowball we thought was halfway down the hill two years ago is still a pea at the top," admits Tom Gunn, a consultant with Arthur D. Little in Boston. "Top managers are awfully slow to commit themselves to new technologies."

Indeed, they are, and with reason. There are still large question marks about the feasibility of some automation tehcnology and about the potential return on investment in it.

The emergence of automation technologies suitable for the mass of manufacturing industry is very recent. Until a few years ago, automation equipment was very expensive and had to be dedicated to making only one product. Thus, its use could only be justified in the very large volume manufacturing of products such as automobile engines.

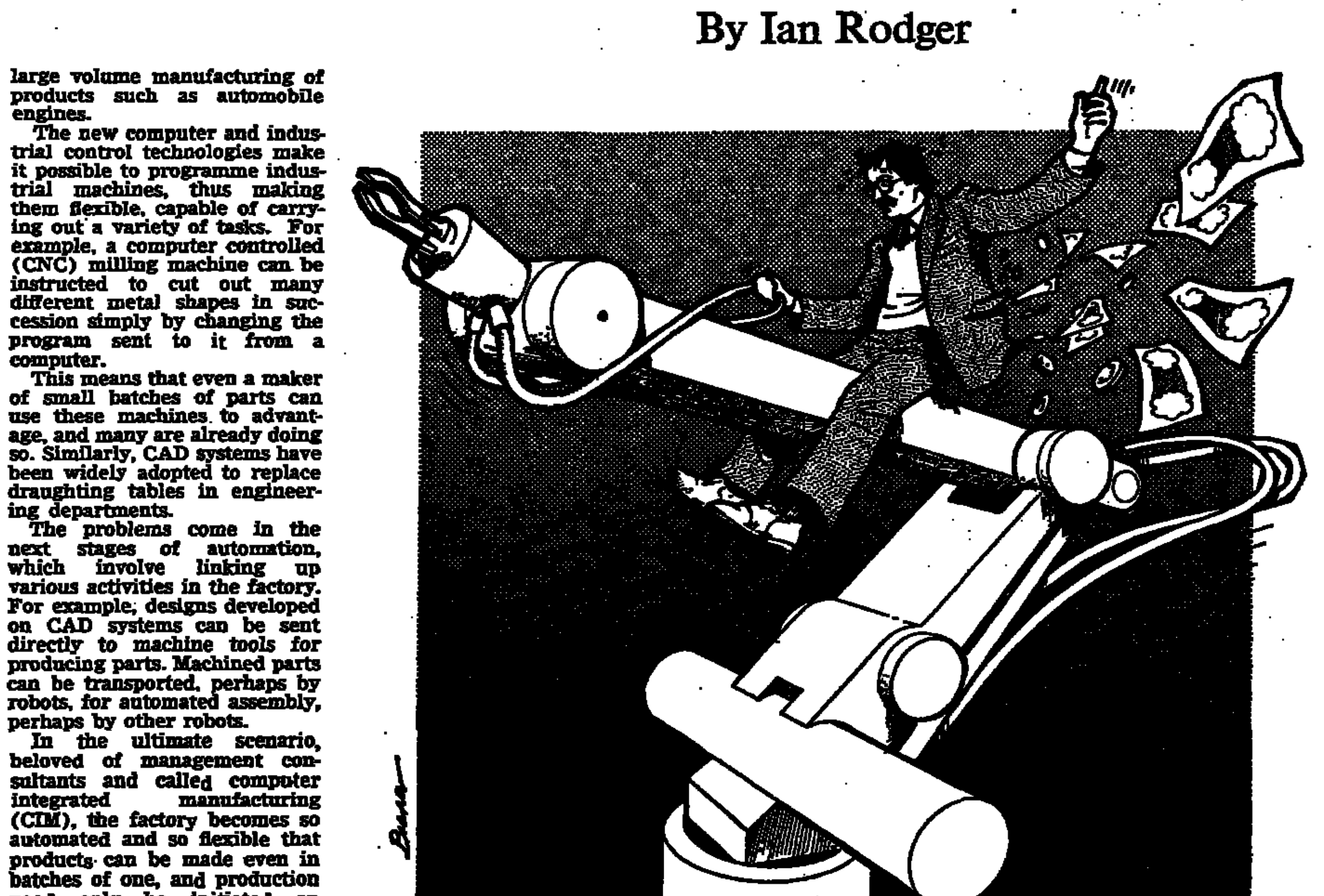
The new computer and industrial control technologies make it possible to programme industrial machines, thus making them flexible, capable of carrying out a variety of tasks. For example, a computer controlled (CNC) milling machine can be instructed to cut out many different metal shapes in succession simply by changing the program sent to it from a computer.

This means that even a maker of small batches of parts can use these machines to advantage, and many are already doing so. Similarly, CAD systems have been widely adopted to replace draughting tables in engineering departments.

The problems come in the next stages of automation, which involve linking up various activities in the factory. For example, designs developed on CAD systems can be sent directly to machine tools for producing parts. Machined parts can be transported, perhaps by robots, for automated assembly, perhaps by other robots.

In the ultimate scenario, beloved of management consultants and called computer integrated manufacturing (CIM), the factory becomes so automated and so flexible that products can be made even in batches of one, and production need only be initiated on receipt of an order. It is on this dream vision—which excites everyone who has ever fretted about inventories and working capital—that the optimistic forecasts of demand for factory automation equipment and systems have been based.

However, achieving this degree of automation is an enormous and difficult task. Each level of integration



Horror stories which worry industry

requires increasingly complex computing and control systems, and most of the programming for those systems has to be specially tailored to the size and shape of each company.

The time and cost of computer programming are notoriously unpredictable in most applications, and are particularly difficult to control in factory automation projects because there are so few production engineers who understand computers and vice versa.

Industry is filled with horror stories of automation projects running late and over budget because of software problems. Howard J. Wyman, staff director of computer-aided engineering for Austin Rover, the UK cars group, said a few months ago of equipment suppliers: "They will not tell you that their software has bugs in it. But it always has bugs, often fundamental ones."

So managers — especially of small companies — are understandably nervous about embarking on ambitious projects.

Another sobering discovery for top managers is that large automation projects tend to have a major impact on how a factory and even the entire company operates. Thus, while a production director on his own can usually authorise the purchase of, say, a robot, the entire board of directors is likely to get involved in CIM projects.

Then, there is the whole problem of financial justification. On CAD systems and CNC machine tools, the payback is usually easy to see and quick to get. Newman Industries, a British maker of electric motors, is achieving the same output of spindles from two CNC lathes than it was getting from 30 standard lathes two years ago.

But on more advanced automation projects, things become less clear. "There is no way one can effectively put in computer integrated manufacturing with an eye on an immediate return on investment," says Fred Wilson, president of the special machines group of Ingersoll Milling Machine, a US industrial machine maker. Ingersoll, a family controlled company, is a recognised leader in developing CIM for its own operations, and Mr Wilson says the system has helped enormously in planning and scheduling operations. "The most important improvements were frequently unpredicted or underestimated," he says.

Bud Whitney, chairman of Allen-Bradley, the US electric drives and controls group, suggests that manufacturers have to look at spending on automation almost as a marketing investment. He says it can provide a lot of competitive advantages, including improved product quality, improved response time to orders, reduced delays between the design of a product and its manufacture and, of course, lower production costs.

"When discussing our own company's major investment in a new CIM assembly line, I argued that it would help keep us on top for the long term," Mr Whitney says. "Based on traditional, short-term ROI (return on investment) criteria, it would never have made it."

He and others remain confident that the breakthrough in factory automation will soon materialise. They point out that experience with the software is widening and the cost of key types of equipment, such as vision systems for robots, is declining. Also, software standards are being developed which will simplify programming. The most important of these is the Manufacturing Automation Protocol (MAP) designed by General Motors in the past two years and heavily promoted by that company. Experts say MAP will greatly simplify communications between differtn manufacturers' machines, and most major electronic equipment makers around the world have agreed to adopt it.

But the greatest incentive for many manufacturers to automate is the need to find ways to match the productivity and quality of low-cost competitors from the Far East and other developing countries.

Caterpillar Tractor of the US, the world's largest construction machinery company and a pioneer in the use of flexible manufacturing technology, has just decided to go ahead with a five-year, $600m programme to put an integrated automation system in its 21 factories around the world. The programme is part of its major effort to cut costs and keep ahead of Komatsu, the Japanese construction machinery maker.

This sort of move certainly points the way to more activity at the factory automation party. But whether it will also create cake for the growing crowd of suppliers remains to be seen.

So far, only a very few companies with specialised products vital to factory automation projects have made large profits. Fanuc of Japan, the dominant world producer of computer numerical controls, made a net profit of Y24.9bn (£85.9m) on sales of Y141,727 in the year to March 31, 1985. On a much smaller scale, Britain's Renishaw, the world leader in touch probes, has built up a remarkable record. Its sales have jumped from £500,000 in 1978 to £15.5m in the year to June 30, 1985. Profits too have grown rapidly and are extremely high in relation to sales, reaching £5.6m before tax last year.

Elsewhere in the automation sector, profits have varied from the ordinary to the non-existent. But still the big capital goods producers pile in. Most have done it by combining existing activities under a new team. General Electric Company of Britain, for example, two years ago brought people from its robotics, process control, electric drives and numerical control sections to form a new factory automation division. Philips of the Netherlands, Siemens in West Germany, Kawasaki Heavy Industries and Komatsu in Japan and several others have made similar moves.

But there have also been major acquisitions and joint venture projects. In the past year alone, Rockwell International of the US has bought Allen-Bradley for £1.65bn while Comau, the factory automation subsidiary of Fiat of Italy has set up co-operation agreements with Digital Equipment and GM in the US.

It may be that some capital goods groups have been attracted to the sector on the assumption that building automated factories will become something like building power stations or oil refineries. In other words, a GE or a Siemens would become a main contractor or systems integrator, procuring goods and services from other automation companies, designing and writing the software and managing the whole project on a turnkey basis.

Too important to be left to outsiders

So far, however, there is no evidence that this model will prevail, and considerable evidence to suggest it will not. The pioneers in adopting flexible automation — mainly the car and big machinery makers — have all chosen to manage their own projects, and have used established suppliers of machine tools, materials handling equipment, computers and electronic controls as required. They apparently feel that these projects are too intimately involved with the structure of their business to leave them to outsiders.

If that trend continues, there will be a lot more disappointed would-be factory automation companies.

Men and Matters

Larkin plays his card

Jim Larkin foresees the day when the businessman and the holiday traveller will be able to use a single plastic card to get cash from a machine, or to charge goods and services, virtually anywhere in the world.

And it will be possible, he says, perhaps five years from now. Certainly not more than ten years.

Larkin should know. He has just been appointed the American Express man in charge of developing what the company is calling ponderously its, "paperless transaction opportunities worldwide."

The new post is a step up for London-based Larkin who is well-known in Europe as head of the American Express travel-related services. He also has a reputation for his enthusiasm for using electronic systems in the handling of financial affairs.

In his new post, which will take him back to New York, he will also be in charge of American Express relations with other financial institutions.

That job will require tact. Banks are often unsure whether to view American Express as an ally which provides them with useful products like cards and travellers cheques, or as a competitor out to grab their customers.

Larkin sees no problem, however. "We are co-operating in many more things than we are competing in."

"Andrew Lloyd Webber—how about a musical on helicopters . . . ?"

Wright's move

Sir Patrick Wright, new head of the British Diplomatic Service, has been marked down as a flyer ever since he joined the Foreign Office 30 years ago.

When he was only 29 he was sent to the Washington embassy as private secretary to the ambassador, first to Sir Harold (later Lord) Caccia, then to Sir David Ormsby-Gore (later Lord Harlech).

After 5 years in the US he returned to London as private secretary to Sir Paul Gore-Booth, then head of the Diplomatic Service. In 1974 he was moved across the road to be one of the private secretaries to Harold Wilson at 10 Downing Street.

Yet apart from his five years in Washington Sir Patrick's career has been spent in line with a long standing Foreign Office tradition for its brightest — in the Middle East.

His first assignment was to the Middle East centre for Arabic Studies in Lebanon. Sir James Craig who was teaching there at the time says: "He was the best pupil I ever had." Sir Patrick went on to emulate his teacher by succeeding him first as ambassador in Damascus and later as ambassador in Saudi Arabia.

Paper chase

Andreas Whittam Smith, the man behind plans for a new quality daily newspaper for the British market, concedes he faced a severe case of torn loyalties early last summer.

He was intrigued by the possibility of following in the wake of Eddie Shah with a new national daily. But, as City editor of the Daily Telegraph, he did not relish leaving his paper in its hour of need.

So Whittam Smith put forward a detailed plan to raise finance for the Telegraph by asking readers to invest through the Business Expansion Scheme.

"The plan was properly done and verified by City specialists. If only 12,000 readers had put up the minimum £500 each it would have raised £6m," says Whittam Smith.

In fact, he believes that £40m to £50m could have been raised, and the need for a change of ownership avoided.

Lord Hartwell, chairman and editor-in-chief of the Telegraph, rejected the plan on the grounds that it would be wrong to mix up readers with investors.

So Whittam Smith started raising money for his own newspaper. Just after Christmas when news about it broke he sent in his resignation to Lord Hartwell — using a statement to the Press Association as the quickest (and perhaps most appropriate) form of communication.

Goodison's times

"The stars move still, time runs, the clock will strike, The devil will come, and Faustus must be damn'd."

For Sir Nicholas Goodison, a renowned authority on clocks, who yesterday began his second decade as chairman of the London Stock Exchange, the outlook is rather brighter than for Marlowe's doomed hero.

As the devil, in the form of the Big Bang, draws steadily nearer, there is no sign of any move to unseat him.

For one thing, the job is not to everyone's taste. Goodison is a glutton for punishment, working, according to one senior colleague, "a staggering number of hours." Besides, brokers will have enough to contend with once October's reforms have burst upon them without having to get to grips with a new chairman as well.

Sir Nicholas—still only 51—is likely, therefore, to carry on. When he does go, he will have no shortage of things to do. Not only is he senior partner in Quilter Goodison, he is also a formidable figure on the administrative side of the arts. Furniture, like clocks, is a passion, and he is vice-chairman of the English National Opera and a member of the management committee of the Courtauld Institute of Art.

Finally, Sir Nicholas is a man who has proved conclusively that he knows a thing or two about pressure, and what the future holds. His book, English Barometers, 1680-1860, is a standard work.

Cross border

Cat and mouse games in the campaign to save the Gartcosh rolling mill in Scotland.

Peter Morrison, the Minister of State for Industry, turned up in Glasgow yesterday saying that he was disappointed not to have met representatives from the Gartcosh steel works despite four months of trying.

But as the minister was travelling north of the border, where were the union men of Gartcosh? In England of course, on a march south to publicise the need to keep their mill open.

Scotland still fairly bristles with union men ready to put the steel case. However, as if to prove the point, Clive Lewis, regional officer of the Iron and Steel Trades Confederation, ambushed the minister beside a plastic fountain in Glasgow's Holiday Inn.

It was totally unjustified, he said, to claim that trade unionists were not willing to meet the Government to put their case. Lewis complained that Morrison was out to rubbish the campaign

Observer

Letters to the Editor

Channel link: will it benefit the citizens?

From Mr A. Lehmann

Sir,—As one would expect of a man with his experience, Alec Cairncross presents a balanced account in his article on the Channel Link (December 31). He cites so many factors for which allowance has to be made in designing such a huge project as a tunnel under or a bridge over the Channel that government departments should perhaps be forgiven for hesitating in making a choice.

By contrast, the potential backers and builders in the private sector, who will be risking their own or their lenders' money and their reputation, have shown a much more venturesome spirit. What is beyond doubt is that the link, once forged, will rank with such exploits as the expeditions to the Moon and outer space as one of the great accomplishments of our age.

Whether it will fulfil the purpose mentioned by Cairncross—"to provide a cheaper or more convenient form of cross-Channel transport"—is more debatable. It may well be neither cheap (eg, if the toll charged to users is exorbitant) nor convenient (think of the mile-long queues on the access roads).

The fundamental question to be asked, however, is: "Will it eventually benefit the citizens of Europe (after all, Britain is in Europe)?" Since the answer is assuredly "yes," governments should stop hestitating and should stop worrying about the financial implications.

Alfred L. Lehmann.
11 Crêts de Champel,
1206 Geneva,
Switzerland.

From Mr J. Brunskill

Sir,—Alec Cairncross (December 31) mentions a number of important considerations that should be taken into account in assessing the desirability or otherwise of a Channel link, but fails to mention some points that leave me, and many others, extremely puzzled.

The Channel link must be one of the most important decisions to be made in our lifetime, yet to the Government it is a matter of such supreme indifference that the decison as to whether it should be built or not is to be left to the judgment of a miscellaneous assortment of bankers, not using the criterion of national interest but of their own profit and loss accounts.

While the Ministry of Defence and Department of Trade and Industry squabble over the relatively trivial pros and cons of Westland's helicopters, an issue that will radically affect the policies and strategies of both departments, and the Home Office, has no input from them. Though we all hope that there will be no strikes, no terrorist activity to hold the whole country to ransom when the cross Channel ferries no longer exist, no SAS on stand-by, no bomb disposal squads to check every car, I suggest it would be very imprudent to count on it.

Though we all hope that there will be no World War III, our hopes are not so secure that we haven't got a large armed force in Europe. Yet the lesson of World War II (and all preceding wars) was that the difficulty of making a decision to blow up a bridge or tunnel when some of your own troops are still on the other side is such that nine times out of 10 the bridge is captured undestroyed.

Perhaps the bankers could in future make the decisions on all our bridges, all our M roads, all our defence spending? Can any Government ever have been so indifferent to the national interest to decide in six weeks, without a referendum, without a public inquiry, without public disclosure of the details of the proposals it is considering, an issue of this importance? If a General Election were to be held on the issue I doubt if the Government would survive it—and perhaps, come 1987-88, a vote to stop the link will indeed bring it well deserved humiliation.

J. M. Brunskill.
Star and Garter Cottage,
Egerton,
Ashford, Kent.

Building society activities

From the Deputy Secretary-General,
Building Societies Association

Sir,—Much of Mr Gerrard's letter (January 3) argues that if building societies operate in a commercial market then there is no justification for the existing composite rate tax system. As a banker Mr Gerrard should be aware that the composite rate system has also applied to bank interest since April 1985 and that now building societies are subject to the same tax regime generally as banks. Mr Gerrard can see no justification for the taxpayer continuing to provide "that particular subsidy." The banks did not see it as a subsidy when it was imposed on them.

Mr Gerrard says that the community is entitled to know and ask whether building societies have the necessary expertise and capacity to move into unsecured borrowing arrangements. This is a commercial matter for building societies as it is for banks, and not a matter for legislation although obviously the new Building Societies Commission will stipulate the required reserve backing and generally be responsible for the supervision of societies.

Mr Gerrard has seen no figures indicating how much money is required in the building society "pot," and he asks how much money will be available which might be directed to the industrial market. Clearly Mr Gerrard has failed to read the Building Societies Bill, or, indeed, any reasonable summary of it. Ninety per cent of building societies' commercial assets will be in first mortgage loans to owner-occupiers and only 5 per cent can be in unsecured loans, together with other categories of what will be known as class 3 assets. No unsecured loan can be for more than £5,000 so building societies are hardly going to be in a position to make substantial loans for commercial purposes.

Mr Gerrard suggests that if building societies are to extend their services then they will be drawn into the net of the Consumer Credit Act, and he wonders whether societies have done their homework. Of course societies will be subject to the Consumer Credit Act in the same way as other institutions, and this is accepted, and I can assure Mr Gerrard that building societies have done their homework on this. Sadly he seems to have neglected to have done his.

M. J. Boleat.
3 Savile Row, W1.

New advertising regulations

From Mr J. Sutherland

Sir,—Feona McEwan's article (December 28) on new advertising regulations states that "ads which display naked or scantily clad women whose presence is irrelevant, such as in trade magazines for forklift trucks or sacks, are universally condemned."

Since we have been featuring girls in our farming Press ads for many years, we must state that we have no evidence whatever that women universally condemn them.

Jim Sutherland.
Abertay Paper Sacks.
74, Jameson St, Hull.

Responsibility of accountants

From Mr A Pakenham-Walsh

Sir,—Patrick Edge-Partington (December 27) so rightly deplores the accounting standards committee's pressure for legislation to enforce publication of inflation-adjusted accounts.

There is, however, a more weighty objection than the tax-base argument voiced by Edge-Partington. Accounting standards as such have already diminished professionalism in that conformity with a standard relieves accountants and auditors of the need to think and decide as professionals what is right in the situation under review.

To make any standard legally mandatory adds to its power to diminish professional responsibility for using accountancy knowledge and skills in the best interests of the people to whom accounts are addressed. This is why a "true and fair view" has continued to hold sway over detailed prescription, and long may it continue to do so.

If the law or accounting standards prescribes what an accountant should do in a given situation, he need have no professional responsibility for his decisions and actions. He ceases to be a professional and becomes an automaton responding to the commands of statute and/or standard.

Amory Pakenham-Walsh.
Crinken House,
Shankill,
Co Dublin.

Running a new railway

From Mr E. Mulholland

Sir,—The proposal to continue the intended dockland light railway in a tube to Bank station is excellent as far as it goes, but does it go far enough? By going less than half a mile further to Moorgate, the original intention of 1892 to bring Great Northern passengers to Bank could be realised, together with the facility for dockland dwellers to go direct to work in the Moorgate area.

Doubtless, when the line was opened in 1904, construction to Bank had been surveyed and I suggest therefore an end-on connection with the GN tube at Moorgate, with a crossover to the south of the station for reversing dockland trains. With one of the existing platforms normally reserved for GN trains and the other for dockland trains, passengers would walk across the platform to continue their journey. Moreover, the prospect of more traffic might justify a contribution to cost by British Rail.

As London Transport when working the GN tube was able to run a six-minute service, using at times only one platform at Moorgate, operation should pose no problem. In fact, there is precedent for a much fuller use of resources. In the late 1930s, when the Central Line ended at Liverpool Street, it used two platforms for reversing and advertised "A train every 10 seconds."

E. B. Mulholland.
Orchard Cottage,
Roydon, Harlow, Essex.

Labour is an asset to be used

From Mr A. Harper

Sir,—Anatole Kaletsky's Lombard How Britain can learn from Chad (January 3) was excellent in its exposure of paradoxes which abound in the drive for economic efficiency and profitability.

These paradoxes are more likely to multiply rather than diminish until we stop teaching that labour is an (overpriced and fractious) cost of production.

Labour, even more so than capital, is an asset, but as with capital it must be used efficiently, and with interest.

Arnold J. Harper.
31 Russell Road, SW19.

The regulation of gas prices

From the Chairman,
Telcon Metals

Sir,—You comment in your leader (January 3) that "competitive pressures will be negligible" referring to gas prices post-privatisation. Need this be so?

I think we are missing an opportunity to create a free market in natural gas. There would seem to be every argument in favour, and very little to be said against, an arrangement whereby the North Sea producers sold their product direct to industrial users. They would, of course, have to inject the equivalent quantity into the national grid for every sale, and would have to pay British Gas for the cost of transmission, but the gas used would not have to be the actual gas supplied.

This would not only ensure that big industrial users would receive competitive bids but would mean British Gas would be in the same market both as buyer and as seller.

Richard Reeves.
Manor Royal,
Crawley, Sussex.

Why anyone would want a home computer

From Mrs D. Walker

Sir,—I find it difficult to understand how your correspondent Mr Crisp (December 28) can refer to that old chestnut "what would anyone want a home computer for?"

It is just about as sensible as asking why anyone would want a telephone, or a car, or a typewriter, or even a pencil and paper. None of these items is particularly inspiring in itself—but it is an interesting and revealing exercise in lateral thinking to make a list of all the possible uses of them. After having done so, no one would query their usefulness.

A computer is just the same. Considering the astonishing rate of technological improvement achieved at the same time as falling prices, the uses to which a home computer may be put are limited only by one's imagination.

By all means use it for practical things like filing, accounts and producing texts. The great advantage of the computer is that you do not need any particular skills to do these things—the programs you buy will guide you (some will even teach you, with exercises and examples) so that, for example, you can keep the accounts of your local WI, produce a weekly analysis of your cricket club members' scores or a circular letter addressed personally to every parishioner with very little effort.

What about the criticism that computing stops the user from reading books? (the unspoken implication being that this is a bad thing). In some cases, this may be true. My family now reads electronic news rather than newspapers and magazines (we do buy the FT once a week, just for old times sake).

Far from isolating the user, a computer can put you in touch with people all over the country (over the world, if you can stand the cost!). For around £100 you can buy the bits and pieces to connect your computer to the telephone and you can become a subscriber to many services becoming available. There are clubs and magazines, notice boards and facilities to chat to other users.

In the last week, I have contacted friends in Scotland, London, Yorkshire and Somerset; we have discussed the weather, fishing, the atmosphere of Mars and the history of the Great Western Railway. I would never have had the time to write letters like these, or the patience to wait several weeks for answers. I get most of my answers within half an hour on the computer.

I also received my first electronic Christmas cards, beautifully designed and coloured. By next Christmas, they'll probably come with music attached. I can save them on a disc and look at them during the year, or erase them, all at half the cost of the printed versions, and without cutting down trees to produce them.

Personally, I find my computer to be the most relaxing and fascinating hobby I have ever had. When I'm tired and slow, it just sits there, quietly waiting. If I feel lonely, I talk to it (with my program Eliza) and it replies — on the screen at the moment, but I'm saving up to buy it a voice.

If I feel creative, I can try to write a program, and I can tell you, there is nothing like the feeling of achievement and pleasure you get when you have written something and it works. My first program was about six yards long (sign of a novice) and took me six months to write, I still use it. I don't suppose I'll ever be brilliant at it, but it is great fun.

I'm hopeless at drawing and painting, but on the screen, with a program to help me, I can produce — eventually — a picture that pleases me. At last I have a tool that will obey my commands (unlike the pencil and paper) and will respond to the design in my mind.

I have never had the chance to learn a musical instrument. But now, slowly and with patience, I can write a tune, alter it until it is right, play it as often as I like — and once saved, it will never make a mistake, or get bored with being played over and over.

My computer can make sounds, as well as music. After the summer, I made a picture of the sun shining on a beach, and put in noises that sound (almost) like the waves coming in, and seagulls overhead. I just don't have the talent to make an oil painting that would remind me so vividly of the summer as my computer picture does.

Think how much nicer it is to sit quietly at home, on a cold wet winter's evening, and send out your orders, and instructions to pay, with your computer, rather than have to trail around dreary shops on your precious Saturday, especially for those, like me, out at work all week.

If we wanted to buy shares, we could buy them from home. When we go on holiday, we just look at an atlas, pick a place and then investigate it with our computer. This summer, we had weather reports and ferry sailings confirmed ten minutes before we left the house. Ordinary telephone calls would not have been answered—it was Sunday.

A friend has bought an old cottage and is redesigning the front; she put a drawing of it up on the screen, and then moved doors and windows around, changing their shapes and locations until it looked right. Next came the scale, then a print out, to be posted off for planning permission. If that's OK, she'll run off copies for the builder.

This is ridiculous. I started off to write a short and sarcastic letter. Sorry about that, editor, but I have hardly begun to tell you the possible uses of my beloved micro.

(Mrs) Dawn Walker.
Glenleigh,
Whiteball,
Wellington, Somerset.

The Aga Khan in Pakistan

Sowing seeds on thin soil

By John Elliott, recently in Gilgit, Pakistan

AN IRRIGATION channel 16,000 feet long and cut through rock is transforming life in the remote mountain village of Zodokhun, 11,000 feet up in Pakistan's most northern former kingdom of Hunza, near the border with the Soviet Union and Afghanistan.

Zodokhun's dwindling population of 28 families, with their 1,500 sheep, goats and cows, are now less likely to drift south to urban slums because the village's irrigated land is being doubled by the channel to 350 acres and barley, wheat and chick-peas are being planted.

The families are among 314 communities in the Gilgit district of Pakistan's extremely backward northern areas who are benefiting from small-scale co-operative aid schemes costing a total of £2m a year and promoted by the Aga Khan.

Gilgit, where the mountains of the Himalayas, Hindu Kush and Karakorams meet, is part of the disputed area of Kashmir, claimed by both India and Pakistan. It was ruled by feudal landlords until about 20 years ago. Generally it has been starved of development and only began to open up in the late 1970s when China helped Pakistan to build the single-carriage-way 470-mile Karakoram highway to the border with China's Singkiang province.

At the other end of the scale, 1,000 miles south in Pakistan's commercial capital of Karachi, an elegant £300m hospital and university medical and nursing school was opened in November. It has been built by the Aga Khan to boost medical standards and provide a base for country-wide community health care centres in a society where nursing is a very low-grade occupation and where doctors are generally criticised for graft.

Both projects are examples of development work carried out in Moslem areas such as the Indian sub-continent, East Africa and the Middle East by the Aga Khan who is the hereditary spiritual leader (Imam) of between 12m and 15m Ismaili Shia Moslems.

Ismailis, who have developed in some areas from poor peasants and small traders to leading businessmen during the past four generations, are scattered through 25 countries, including Pakistan. They are always in a minority in their home country: they shy away from controversial political involvement, and rely on their Imam for material as well as spiritual guidance.

Aga Khan

The present Aga Khan inherited the role of Iman in 1957 at the age of 20 from his charismatic grandfather Sir Sultan Mahommed Shah Aga Khan, who was internationally famous for his jet-set life, his racehorses, and for being weighed in gold, diamonds and platinum by the faithful to celebrate his jubilee.

Now aged 48, the present Aga Khan is a slightly balding quietly spoken man who mixes a prosperous life in Europe—he lent his Geneva home to President Reagan during the recent summit—with expertise and concern for development in the Third World. His views and work are particularly significant at a time when there is a growing disenchantment with large-scale aid schemes run in developing countries by industrialised nations.

"Too many aid schemes have been capital intensive and geared to Western urbanised economies with which donor countries are familiar, instead of the predominantly rural societies of the Third World," he says.

So in the northern areas of Pakistan, villages are only given aid after they have set up co-operative organisations to pool their resources and select and maintain a project. They also have to agree to open savings accounts.

The Aga Khan says he is also worried about a "crisis in the availability of people in developing countries to take policy and strategic decisions" so he is considering setting up a faculty of development policy and management alongside the medical faculty at his new university in Karachi.

In the late 1950s the Aga Khan inherited from his grandfather a network of Ismaili-based business and community care projects including insurance, banking and other businesses in East Africa, and educational and health projects in other countries.

He also inherited great personal wealth and business interests including racehorses in France, Ireland and the UK. He insists he has little interest in being an international businessman in his own right but he has developed a famous holiday centre at Costa Smeralda in Sardinia and has just spent $300m acquiring Italy's Ciga hotels.

He refuses to disclose his total personal wealth or the amount of money he handles for his Ismaili community which is contributed in weekly collections and other donations and partly funds the development work.

His main non-religious organisation set up to control development activities is the Geneva-based Aga Khan Foundation which disbursed $75m last year including between $2m and $3m on the Aga Khan rural support programme in Pakistan's northern areas and substantial capital expenditure on the Karachi hospital. His staff say this is the biggest amount spent in the Third World by any philanthropic organisation.

Another $26m was spent by the Aga Khan health and education services — one third of which went to Pakistan.

The most recently formed organisation is the Aga Khan Fund for Economic Development which concentrates on long-term venture capital investments, rather than loans, for development projects.

"We believe that investment through risk capital is much more desirable than through loans," says the Aga Khan.

The same interest in persuading recipients of aid to shoulder responsibilities for carrying out development projects is evident in the rural support programme of Pakistan's Gilgit district which is being extended to Gujarat in Western India.

Mr Shoaib Sultan, who co-ordinates the programme and has been involved in similar co-operative projects in Bangladesh and Thailand, also wants to prevent the villages being taken over by new feudal barons.

He is proud of the micro nature of his aid schemes and that 314 villages in the Gilgit district have saved more than £300,000 in collective accounts during the last three years to back up their projects. "The Government spends Rupees 25m (more than £1m) on a mini hydro scheme to benefit 500 families for 1,000 acres whereas our 137 irrigation schemes here costing only Rupees 17.3m are doubling 24,000 acres of irrigated land," he says.

The Aga Khan says it is necessary to "break islands of isolation" as well as providing an "improved quality of life for Ismailis." So his development work in Pakistan, for example, also benefits the main Shia and Sunni Moslem sects. His own funds are supplemented with money from other agencies run by countries such as Canada and the UK as well as charitable organisations such as the Ford Foundation. The Canadian International Development Agency is providing the £10,000 capital costs of Zodokhun's irrigation channel as part of its contribution of nearly half of the cost of the Aga Khan's work in northern Pakistan.

The Aga Khan can be seen to be satisfying the basic Moslem belief that "man's spiritual needs should not be isolated from his material everyday activities." He is also showing how to relate international development work to the needs of rural communities such as Zodokhun. He says he is trying to turn it into "A macro-economic area of great stability in a highly politically sensitive part of the world."

FINANCIAL TIMES

Tuesday January 7 1986

Tandy and Apricot abandon joint venture

By Jason Crisp in London

AN AMBITIOUS joint-venture to form the largest chain of computer retail shops in Europe with a turnover of £50m ($71.5m) in its first year was ended yesterday, just one year after it was formed.

Tandy, the US electronics retailer, and Apricot, the British personal computer group, announced the break-up of AT Computerworld, the joint venture, which only ever operated on a reduced scale in the UK.

The 29 stores will continue to trade under the name AT Computerworld but will be split between the two companies. The 13 owned stores will be transferred to Tandy, which operates 230 other shops in Britain, while the 16 franchised outlets will be controlled by Apricot. Up to 20 of AT Computerworld's head-office staff of 30 will be made redundant.

Mr John Sayers, managing director of Tandy UK, described the break-up of the joint venture as an "amicable divorce." Both companies blamed the slowing of growth in the personal computer business, which prevented them from opening more stores. As a result, the overheads of the AT Computerworld were too high.

Mr Russ Nathan, managing director of Romtek, a firm of consultants commented: "The retail shop is not the most effective way to sell serious business equipment. Apricot's move upmarket will reduce its need for retail outlets."

Apricot, once one of Britain's fastest growing companies, recently reported a loss in the six months ending September 30 of £4.6m. Difficulties included stock write-downs on unsuccessful products; the closure of its West German subsidiary redundancies and losses of £850,000 in associated companies, which was mainly AT Computerworld.

The original plan was that AT Computerworld would start trading in February last year with 70 stores throughout Europe and with plans to expand. However, the scheme was quickly scaled back to the UK only.

The stores sold computers made by Apricot and Tandy only, together with peripheral equipment made by other companies. At one time, Apricot saw it as the best way of breaking into the European market and reducing its dependence on the UK.

Barre calls for curbs on press ownership

BY DAVID HOUSEGO IN PARIS

MR RAYMOND BARRE, the French opposition leader and former Prime Minister, yesterday stepped into the growing controversy over the takeover moves of the Hersant press group and called for strengthened anti-trust legislation to prevent an excessive concentration of power in the press.

Mr Barre was almost alone on the opposition side in voicing the widespread disquiet felt over Mr Robert Hersant's acquisition of the Progrès de Lyon, one of France's leading provincial newspapers.

On the Government side, there was a torrent of denunciation. Mr Laurent Fabius, the Prime Minister, claimed that the move was illegal on two counts. These were that any transfer of the ownership of a newspaper needed to be submitted to a watchdog commission, the commission for transparency and pluralism in the press. Second, there is a legal limit to the number of titles that any one group can hold. The takeover of Progrès means Hersant group now exceeds this limit.

Mr Robert Badinter, the Justice Minister, said Mr Hersant could be prosecuted in the courts since the Government would seek to have the immunity he enjoys as a member of the European Parliament removed.

Mr Raymond Barre

Mr Hersant yesterday replied to his critics in a frontpage editorial in Le Figaro, his flagship paper, saying that he was creating in France a press group with the strength to compete with major international groups. He made the further accusation that the Government was giving away to British, US and German groups access to French television channels while denying it to his own television interests.

Mr Raymond Barre is doubly affected by Mr Hersant's latest takeover in that the purchase of the Progrès de Lyon gives Mr Hersant an unwelcome monopoly of the press in Mr Barre's political territory of Lyon. Mr Hersant also owns the rival Dauphin Libéré.

The purchase also runs against the long held belief of Mr Barre that there is a need to preserve a diversity of opinion in the press in France.

The Hersant press is generally opposed to Mr Barre's candidature for the Presidency of the Republic.

Mr Barre insisted yesterday, however, that he has no personal quarrel with Mr Hersant.

Mr Lionel Jospin, the First Secretary of the Socialist Party, said he was shocked that a member of the European Parliament and a candidate for the National Assembly could so brazenly defy the law.

Top bankers discuss details for implementing Baker initiative

BY STEWART FLEMING IN WASHINGTON

INTERNATIONAL bankers from the US, France, the UK and Switzerland were scheduled to meet last night with the top officials of the World Bank and the International Monetary Fund in Washington to discuss in detail how they can together implement the Third World debt initiative launched by Mr James Baker, US Treasury Secretary, in Seoul last October.

Among those due to attend the session with Mr Tom Clausen, the World Bank president, and Mr Jacques De Larosière, the managing director of the IMF, were Mr Jean Dromer, president of the French bankers' association, Sir Jeremy Morse, chairman of Lloyds Bank and head of the British Bankers' Association, and Mr Franz Lutolf of the Swiss Bank Corporation. From the US, Mr Lewis Preston, chairman of Morgan Guaranty, Mr Tom Lebreque, president of Chase Manhattan, and Mr John Reed, chairman of Citibank, were scheduled to take part.

Officials in Washington said yesterday that the session was the first such top-level meeting since Seoul and since Mr Clausen and Mr De Larosiere publicly urged the world's commercial banks to support the Baker plan for boosting bank and multilateral development bank lending to the developing world. It comes within days of President Ronald Reagan's promise to the Mexican President, Mr Miguel de la Madrid, that he would help Mexico obtain new loans. International bankers had earlier issued guarded statements of support for the Baker initiative.

The meeting came amid growing concern both within the banking community and among developed and developing country members of the World Bank about who President Reagan will nominate to succeed Mr Clausen as the Bank's president. Mr Clausen is to retire at mid-year when his current term expires.

Although governments are reluctant to make formal representations to the US on the succession – any such move could backfire – the US has been left in no doubt that the appointment is seen as a critical one now that the World Bank is moving towards centre stage in efforts to ease developing-country debt burdens and boost their economic growth. There is undoubtedly concern both within the Bank and among many of its board members about speculation that the White House staff is backing Mr William Middendorf, the US ambassador to the EEC, for the job.

Diplomats and commercial bankers are also becoming increasingly agitated about the time it is taking for the US to put forward a candidate to replace Mr Clausen, arguing that delay will tend to further weaken the momentum behind the Treasury plan.

Lufthansa revives request for flights to Berlin

By Leslie Colitt in Berlin

LUFTHANSA, the West German airline, yesterday celebrated the anniversary of its founding in Berlin in 1926 amid a full-blown controversy over its wish to resume flights to the former German capital.

Although Lufthansa rose from the ruins of the Second World War to become one of the world's largest and most admired airlines, the dream of its executive chairman, Mr Heinz Ruhnau, to serve Berlin remains frustrated.

Airlines of the three Western allies in West Berlin alone may fly to West Berlin through the allied air corridors over East Germany, linking the city with West Germany. Mr Ruhnau repeated yesterday that Lufthansa still wished to serve Berlin, although not in conflict with the rights of the allies. He added that Lufthansa had just been "rather ungently" reminded of the results of the war.

The allies had bluntly refused to allow Lufthansa to invite the head of East Germany's Interflug airline, Dr Klaus Henkes, to the West Berlin anniversary party at Tegel airport, which is under French jurisdiction. Dr Henkes is also a general in the East German Volksarmee and a deputy transport minister.

Lufthansa and Interflug last year conducted the first postwar flights between West German cities for the Leipzig East-West trade fair. They avoided the air corridors by flying into each other's territories via the Baltic Sea and Czechoslovakia. The two German airlines also agreed to examine ways to resume scheduled air services between East and West Germany.

The allies had strong misgivings about Lufthansa's dialogue with Interflug. The East German airline has in recent years successfully lured tens of thousands of West Berliners to Schönefeld airport, outside East Berlin, by offering rock-bottom fares to Western tourist destinations.

The allies also suspect Lufthansa of seeking a formula allowing it to serve Berlin "through the back door" – by flying to Schönefeld.

West Berlin's governing mayor, Mr Eberhard Diepgen, yesterday hinted at such plans when he said he was in favour of flights to East Germany, provided they did not infringe the air corridors or hurt Tegel airport. He noted that that left the north-south routes to Berlin, which would have to be agreed on by all parties concerned.

The Western airlines serving West Berlin, and the allies, indicated, however, that they were unlikely to approve any arrangement under which Lufthansa would fly to East Berlin's airport via Czechoslovakia and the Baltic. They suspect that patriotic West Germans and West Berliners would abandon the allied carriers to use Lufthansa on flights to East Berlin. That would further erode the role of Tegel and the viability of allied air traffic to Berlin.

East Germany prepared for such a possibility last year by opening a wing of Schönefeld air terminal exclusively for Western passengers. Their baggage is no longer searched for "forbidden" Western newspapers and other private belongings. Passengers bound for West Berlin are speeded through the Wall by East German border officials who in recent years have undergone a remarkably friendly transformation.

But the Bonn Government, which has an 80 per cent stake in Lufthansa, is unlikely to permit any move by the airline that would erode West Germany's own position in West Berlin. Mr Ruhnau appeared to be aware of that yesterday when he spoke of the airline's hope to add Shanghai to its international routes soon, with somewhat more confidence than Lufthansa's return to Berlin.

Pan Am to expand, Page 3

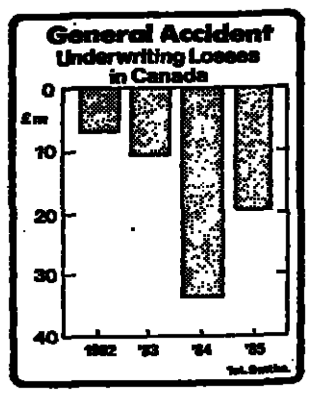
THE LEX COLUMN

Premium price for premium income

If asked to produce the least attractive candidate for acquisition in the international insurance industry, the answer might well be a Canadian company involved in automobile underwriting in Ontario. Yet General Accident has just paid C$200m – well over twice net asset value – for Pilot Insurance, which meets all these qualifications. And what is more, the market seems rather pleased about the deal.

To be fair, Pilot has consistently performed extremely well: not once since the Second World War has it made a loss on its underwriting, though it might just have dipped into the red last year. The industry on average has been losing money on its underwriting for each of the last five years, and GA's own Canadian underwriting losses have veered from bad to awful and back again. Pilot seems to have found a formula – presumably envied by its competitors – for writing only quality business, helped by the policy of paying its agents large commissions for offering it the good risks first. But it is hard to feel entirely comfortable about a business in such an oversupplied industry where none of its rivals acts under the constraint of being accountable to Canadian shareholders.

GA's British shareholders may, on balance, have been happy with its choice of acquisition, but they were less pleased with the way in which the deal was financed. Vendor placings at a discount are rarely popular with shareholders who are left out of the action, but when the company can well afford to pay cash, they are even less excusable. GA's solvency ratio, at 81 per cent, is well above its UK rivals; and had it paid cash for the whole acquisition, its ratio would still stand at a small premium. Assets are diluted either way, but earnings a share might actually have risen in 1986 without the extra shares. As it is, shareholders will be lucky to see no dilution at all.



HK banking

The Hong Kong Government has avoided adding to its portfolio of failed financial institutions by persuading Peking to bail out Ka Wah Bank, but the collapse of yet another locally incorporated bank is not much of an advertisement for the territory's supervisory arrangements.

At the end of 1984, Ka Wah's published balance sheet showed shareholders' funds of HK$530m, a handsome 10 per cent of public liabilities. Those net assets, as far as can be judged, have now been extinguished. Hong Kong's family-controlled banks have admittedly been suffering from a high dependence on wholesale funding and the narrowness of local interest margins.

Ka Wah has an additional problem or two in Malaysia. But it is hard to imagine that Ka Wah had earlier been providing against doubtful loans as diligently as it might have done. Supervisory procedures are now being tightened up but there must be a material risk of further banking failures.

The Hong Kong Government is apparently determined not to pick up the bill for any more collapses and it is most unlikely that either the Bank of China or CITIC, Ka Wah's saviour, will want to add to their collection. So the question of who bails out the next disaster is of more than passing interest.

Money markets

The Bank of England has yet to reintroduce MLR or provoke a 4½-point rise in base rates, as it did last January, but then the month is still young. No one, admittedly, is expecting quite such a dramatic start to 1986 but the sterling money markets are already displaying just the sort of nervousness that characterised the first fortnight of last year.

Yesterday the three-month sterling inter-bank rate touched 12 per cent, pushing the Bank to inch up its own dealing rates. The discount houses max be comfortable with rates at their present level but they are certainly not behaving that way. On Friday the customary £100m of three-month Treasury bills was parcelled out to the houses and yesterday the bank found itself buying £98m of such bills back. Long-dated paper is not, it seems, a popular asset in the discount market.

It is easy to see why. The UK's foreign-currency reserves showed their biggest underlying fall for three years in December, which suggests that the Bank has been intervening to protect the pound against the consequences of a falling oil price more aggressively than anyone had supposed.

The enthusiasm of the Bank – and, more to the point, of the Treasury – for throwing money at a weakening pound is known to have its limits, so the houses have drawn the reasonable conclusion that a further drop in sterling's trade-weighted value may force a rise in base rates.

3i

If 3i's owners are still considering floating it on the stock market, they will presumably be feeling rather depressed by yesterday's interim results. Pre-tax profit was £13.6m, down from £21.2m, and net revenue (which excludes realisation profits and provisions) was £5m off at £8.9m. Extra depreciation on shipping assets was the main culprit, and the realisation of capital gains – always a lumpy and unpredictable item – barely coincided with the first half.

The company has always claimed that its performance should not be measured in short periods – which makes it an even less suitable candidate for public ownership. It would also prefer to be valued, like an investment trust, on its assets rather than its earnings. But since 3i neglects to include an estimate of net assets at the halfway stage, such a valuation is impossible. On an earnings basis, at least, the rest of the year looks rather rosier. Realisation profits were more than £20m in the third quarter alone and pre-tax profit for the year should edge ahead of last year. But so it should in a bull market like this.

French parliament in special labour session

BY PAUL BETTS IN PARIS

PRESIDENT François Mitterrand yesterday called a special session of the French Parliament to push through controversial legislation to make labour practices more flexible before the general elections next March.

The Socialist Government is expected to face another parliamentary battle with the Communists over the issue, hotly opposed by the Communist Party and the pro-Communist CGT labour confederation. Although the Socialists hesitated in recent weeks over whether to provoke a new parliamentary tussle barely 10 weeks before the elections, President Mitterrand and Mr Laurent Fabius, the Prime Minister, clearly felt they could not allow the Communists to claim they had forced the Government to back down on the issue.

The Government was forced to resort to a vote of confidence to get its flexible labour bill through its first reading in the National Assembly last month. Parliament has now been reconvened in extraordinary session on Thursday to enable the bill to go through the Senate before its second and final reading in the National Assembly.

The Communists gave a warning yesterday that they would do everything to prevent the new labour legislation from passing through parliament. During the first reading, the Communists introduced 358 amendments. The Communists are expected to adopt similar filibustering techniques in the Senate and for the second reading in the National Assembly. The Government is also likely to face trouble from the right-wing opposition.

The new legislation would enable French industry to have greater flexibility in the calculation of working hours, overtime and time off. Already, several enterprises have negotiated with their individual workforces more flexible working conditions, which often go beyond the provisions of the existing French labour code.

The Government regards the new legislation as an essential part of its overall efforts to modernise working conditions and industry in France. While the pro-Socialist union has approved the new flexible work proposals, the pro-Communist CGT has accused the Government of trying to take away from workers hard-won labour benefits.

The Socialist administration had originally encouraged the unions and the employers' confederation – the Patronat – to negotiate an agreement on labour flexibility. But after those negotiations failed, it decided to press ahead with its own proposals.

No vote on European plan for Westland

Continued from Page 1

shareholders in Westland have expressed similar concern.

Sir John said that the board unanimously recommended the new improved offer. "This company desperately needs stability in the future," he said, "the commercial viability is altogether better assured with UTC and Fiat."

Explaining why he intended to put only the Sikorsky/Fiat offer to shareholders at next week's shareholders meeting, Sir John said: "This is not a takeover; it is a capital reconstruction.

"If two competing resolutions are put to shareholders it is possible that neither would achieve the necessary (75 per cent) majority. We could fall between two stools and that would be very dangerous."

In answer to a question, Sir John said he did not accept he was "railroading" shareholders into approving the Sikorsky/Fiat offer.

It is understood that the board's decision to make one sole recommendation to shareholders was taken after legal advice. Equally, the board took counsel on whether it could put a revised offer from Sikorsky/Fiat to shareholders only eight days before the meeting.

Mr David Horne, managing director of Lloyds Merchant Bank, advising the European consortium, which also contains Messerschmitt-Bölkow-Blohm of West Germany, Agusta of Italy and Aérospatiale of France, described Westland's decision to restrict the extraordinary meeting vote as "appalling."

He said the consortium was taking legal advice on whether to challenge the decision in the High Court. Among other options are to encourage institutional shareholders to press the Westland board to adjourn the meeting or muster support to vote down the resolution in favour of the Sikorsky/Fiat offer.

However, there is no suggestion of postponing the EGM completely. The Westland board requires a 50 per cent vote in favour of a resolution allowing the company to increase its borrowing powers. The alternative is receivership, said Sir John. He added, in a letter to shareholders, that "any delay in effecting the proposed reconstruction could be seriously damaging to your company."

Paul Cheeseright in Brussels writes: Mr Karl-Heinz Narjes, the European Commissioner for industry, warned that Westland could be frozen out of emerging moves to support the European helicopter industry by joint defence procurement policies if it teamed up with Sikorsky.

His intervention came without any prior consultation with Whitehall,

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	8	48	Dubrovnik	F	11	52	Malaga	–	—	—	Salzburg	Sn	-1	30
Akrotiri	F	18	64	Faro	S	13	55	Malta	F	14	57	Seoul	S	-6	21
Algiers	–	—	—	Florence	R	5	41	Manila	–	—	—	Singapore	R	29	84
Amsterdam	S	1	34	Frankfurt	C	3	37	Miami	C	26	79	Stockholm	Sn	-4	25
Athens	F	14	57	Funchal	R	16	61	Milan	R	3	37	Strasbourg	C	3	37
Bahrain	S	19	66	Geneva	C	3	37	Moscow	Sn	-8	18	Sydney	S	23	73
Bangkok	S	27	81	Gibraltar	S	13	55	Munich	Sn	0	32	Taipei	F	14	57
Barcelona	–	—	—	Guernsey	S	7	45	Nairobi	S	27	81	Tangier	F	12	54
Beirut	F	19	66	Helsinki	C	-4	25	Naples	R	9	48	Tehran	–	—	—
Belgrade	S	4	39	H. Kong	S	15	59	New Delhi	S	17	63	Tel Aviv	S	20	68
Berlin	C	2	36	Innsbruck	Sn	-1	30	New York	F	6	43	Tenerife	F	20	68
Biarritz	C	9	48	Inverness	C	1	34	Nice	S	11	52	Tokyo	S	7	45
Blackpool	F	2	36	Istanbul	D	10	50	Oporto	C	9	48	Toronto	Sn	-4	25
Bordeaux	F	8	46	Jersey	S	7	45	Oslo	F	-5	23	Tunis	T	10	50
Brussels	C	2	36	Jo'burg	S	27	81	Paris	C	4	39	Valencia	S	12	54
Budapest	C	-3	27	Las Palmas	F	19	66	Prague	F	-1	30	Venice	R	3	37
B. Aires	S	34	93	Lima	S	24	75	Reykjavik	F	3	37	Vienna	C	-2	28
Cairo	C	23	73	Lisbon	C	12	54	Rio de J'o	R	33	91	Warsaw	F	0	32
Cape Town	S	24	75	Locarno	C	1	34	Rome	T	8	46	Zurich	C	1	34
Caracas	R	25	77	London	C	3	37								
Casablanca	C	15	59	Los Angeles	C	26	79								
Copenhagen	Sn	-2	28	Luxembourg	C	0	32								
Corfu	R	13	55	Madrid	S	7	45								
Dublin	F	3	37	Majorca	–	—	—								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Heseltine challenged

Continued from Page 1

The significance of Sir Patrick's letter, apparently leaked by another protagonist, lies less in the details than in the further evidence it provides of ministerial divisions.

Sir Patrick argues that the Government was "under a duty not to give information which is incomplete or inaccurate in any material particular." He questioned the reference in Mr Heseltine's letter that indications were available for the Government from both other governments and the company concerned that a Westland link with Sikorsky/Fiat would be incompatible with participation by that company on behalf of the UK in the collaborative battlefield helicopter and NH90 projects.

Sir Patrick said there was no way in which the attitudes of all the other governments and companies could be fully known and so he advised the Defence Secretary so send a further letter correcting the inaccuracy.

Sir Patrick did not see Mr Heseltine's letter until after it was sent and published and neither he, nor any other minister, was consulted.

Acland to be UK envoy in Washington

Continued from Page 1

Sir Antony was appointed to head the Foreign Office at the height of the Falklands crisis and he has since supervised negotiations to return Hong Kong to Chinese sovereignty and to reopen the Gibraltar-Spanish border.

A member of Britain's foreign service since 1953, Sir Antony served in Dubai and Kuwait in the 1950s and headed the Foreign Office Arabian department in the early 1970s. In between he was a member of British diplomatic missions to the United Nations in New York and in Geneva. His last posting abroad was as ambassador to Spain in 1976–1978.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday January 7 1986

Listing granted to Italian bond issue

By Peter Montagnon, Euromarkets Correspondent

SWISS STOCK exchange authorities have decided to permit a listing for the controversial zero coupon bond issue launched by Italy last year despite the fact that the deal is subject to Italian rather than Swiss law.

The Admissions Board of the country's five stock exchanges ruled, however, that its decision treated the bond as an exceptional case. Soditic, the Geneva-based investment house which led the SFr 300m deal, will also have to publish in the Swiss press a detailed explanation for investors about how their rights are affected by the Italian jurisdiction.

The decision brings to an end a controversy that has raged since the Zurich Stock Exchange blocked the listing last autumn.

Some bankers argued that the block reflected the undue influence on stock market activity wielded by the big Swiss banks which have seen smaller houses such as Soditic poach bond market business from them in recent years.

Others say that the stock exchanges have a duty to treat innovative issues with caution because of their obligation to protect investors.

But the decision of the Admissions Board on the Italian deal also begs some questions, bankers believe. Even if future bond issues are contracted under Swiss law, guarantees granted by sovereign governments such as France and Italy to public-sector borrowers are always subject to local law.

Market bounces back with flood of issues

A FLOOD of new Eurobond issues yesterday showed that the market is back at work after the long holiday, writes Maggie Urry in London.

And the issues that were launched could set the pace for 1986. The secondary market was more active, but prices were little changed.

The first fixed-rate deals of the year appeared, both with coupons below 9 per cent. The Province of Manitoba launched a $125m five-year issue with a 8⅝ per cent coupon, priced at par and led by Wood Gundy. Then Finland went even further with a $100m five-year deal carrying an 8½ per cent coupon and a 99½ issue price led by Union Bank of Switzerland (Securities). Both had fees of 1⅞ per cent.

The Finland deal met more interest than Manitoba's issue, being a stronger, triple A credit, and was trading within the fees with some early signs of retail demand noted. Manitoba's issue was bid at 98, just outside the fees. Less the full fees the Finland deal offered a spread over US Treasury yields of 38 basis points at launch, while the Manitoba issue was launched at a yield 50 basis points over the curve.

Investors could take some time to get used to the idea of sub-9 per cent coupons, though, and traders wondered whether investors were ready for dollar issues with coupons at the same level as issues in the Ecu sector.

In the floating-rate note market two deals were launched totalling $800m. Citicorp, a regular borrower, is raising $500m through a 12-year issue paying a monthly coupon at 20 basis points above London interbank bid rate (Libid).

The borrower has used the monthly fixing twice recently. Credit Suisse First Boston is lead manager. The issue was meeting resistance, and dealers said it was too aggressively priced. It was being supported outside the 25 basis point fees.

Woodside Financial Services, a subsidiary of Woodside Petroleum, the Australian company, had a better reception for a $300m floater which matures in July 1997. This is part of the funding for the North West shelf natural gas project. Another $300m floater is expected early next week led by IBJ International.

Chase Manhattan set the coupon for this deal at three-month London interbank offered rate (Libor) and fees of 50 basis points. The issue attracted demand partly because it is guaranteed by the Australian Industry Development Corporation, which has a triple A rating. It traded around 99.62.

The demand for equity-linked issues is still strong, and a $100m five-year deal with equity warrants for Kobe Steel was trading around 101. Nomura International indicated a 5⅜ per cent coupon and par issue price. Fees are 2¼ per cent.

A notable issue was launched in the Eurosterling market – a £200m floater for the Halifax Building Society. This borrower opened the sector in September last year, ahead of the legislation permitting building societies to pay interest on Eurobonds gross. Now it is the first to return to the market.

Again Morgan Grenfell is the lead manager. This time the issue is for 10 years, instead of seven years, and pays a higher margin of ⅛ per cent above three-month Libor instead of 1/16 per cent. The fees are lower, though, at 25 basis points rather than 40. The bonds were quoted within the fees at 99.81. There have been a number of issues in the market, many paying the ⅛ per cent margin.

The Australian dollar sector, a market which sprang to life in 1985 but had a poor end to the year, saw its first two issues. DG Finance launched a A$50m five-year issue led by DG Bank, with a 14 per cent coupon and par issue price.

With fees of 2 per cent the borrower's cost was well below yields on Australian Government domestic issues giving an attractive swap into floating-rate dollars. The issue appeared to be meeting strong demand, with the lead manager quoting it inside the 1⅞ per cent selling concession.

A similar swap is behind a A$30m issue for Landesbank Schleswig-Holstein led by Orion Royal Bank. This is also for five years, with a 14⅜ per cent coupon and 100¼ issue price. The deal came late in the day but traders suggested a price around 98⅞, inside the fees.

In the newly opened Dutch capital market Heineken is raising Fl 150m through a five-year private placement. ABN Bank set the coupon at 6⅞ per cent and issue price at 100⅜.

The D-Mark bond market weakened yesterday, with prices down by up to ¼ point as investors took profits and turned their attention to the equity market.

The Swiss franc bond market has been firm over the holiday period, and prices were higher again yesterday. Crédit Suisse is leading a SFr 125m six-year issue for Canterra Energy, the Canadian group, with a 5⅝ per cent coupon and par issue price.

International bond service, Page 22

Targets exceeded at Ciba Geigy

By John Wicks in Zurich

CIBA-GEIGY, the Swiss chemicals and pharmaceuticals group, exceeded targets in sales and profits last year, according to Dr Alfred Bodmer, management chairman.

Consolidated earnings jumped by 53 per cent in 1984 to almost SFr 1.19bn ($580m) after a 19 per cent growth in group sales to SFr 17.47bn.

In the company's staff magazine, Dr Bodmer said Ciba-Geigy had aimed to keep its performance up to the high levels of 1984. However, "further progress" had been achieved.

This was equally due to favourable market conditions, business growth, relatively low inflation and the first-half exchange rates for the Swiss franc.

At the same time, there had been "real advances" on the part of the pharmaceutical and agro-chemicals divisions and the Ilford and electronic-equipment groups.

These activities had already shown above-average growth rates in the first half of 1985 when total Ciba-Geigy sales rose by 13 per cent to SFr 10.6bn.

Pakistan Refinery payout maintained

By Mohammad Aftab in Islamabad

PAKISTAN REFINERY, the country's oil refining company, has decided to maintain its dividend at the previous year's level of 20 per cent for the year to June 1985.

The refinery's production rose to 2.29m tonnes in 1985 from 2.128m tonnes in 1984, the annual report said. Sales rose to Rs 8.31bn ($520m), up 19 per cent from 1984.

Plan to reform company law in UAE postponed for year

BY ANGELA DIXON IN DUBAI

A CONTROVERSIAL attempt to reform company law in the United Arab Emirates has been postponed for a further year amid criticism by Emirate governments and business interests.

The law, the first of its kind in the Emirates, attempts to impose order on the different varieties of company in the UAE by laying down conditions under which they could be permitted to carry on business. It would create seven types of company.

However, a number of Emirates have questioned the validity of the law on constitutional grounds as it gives executive powers to the Federal Ministry of Economy and Commerce which they consider to be at variance with the provisions of the constitution. Business interests fear that it may be damaging to the economy.

The law was first announced in March 1984 when it was planned that it should take effect from January 1985, but a number of extensions were granted. The UAE's Council of Ministers has now decided to postpone the law for a further year from January 1986.

The council's memorandum describes the decision as a "suspension" and invites comments from the governments of the seven individual Emirates.

The memorandum also announces the intention to form a committee which will reconsider not only the companies law but the 1981 Trade Agencies Law, which requires that all foreign principals supplying goods or services to the Emirates should have a local agent.

Previously, limited companies could only be formed by a decree of the ruler of the individual Emirate.

Foreign companies have evolved a variety of ways in which they can legally carry on business in the Emirates, either by having a local sponsor or joint venture with local businessmen.

The suspended reforms required that general partnerships should be confined to UAE nationals while limited companies would have to have at least 51 per cent local ownership. There were also provisions requiring the registration of branches of foreign companies.

● A Dubai civil court has ordered the Galadari brothers' banking group to pay 12.5m dirhams ($3.2m) owed to the National Bank of Abu Dhabi, AP DJ reports from Dubai.

The National Bank is one of the 19 creditor banks to which the Galadari brothers owe more than 1bn dirhams.

Parker Pen to take $50m write-off

BY WILLIAM HALL IN NEW YORK

THE PARKER Pen Company's 1985 earnings will be written in red ink after the company's plans to take a $50m charge to cover the losses on the sales of its writing-instrument business to a European-led investor group.

Wisconsin-based Parker Pen yesterday announced the signing of a definitive agreement providing for the sale of the assets of its writing-instruments division to a group of investors that includes Parker Operating Managers and several financial institutions.

The management team is led by the company's European executives and Schroder Ventures, venture-capital arm of the London merchant bank, has led the buying group.

The US parent, which will be renamed Manpower to reflect the importance of its successful temporary help operations, said a final selling price of its 97-year-old writing-pen business had not yet been determined. That was because the price would be based on a valuation of assets now in process.

JAL sell-off scheme welcomed

MR SUSUMU Yamaji, president of Japan Air Lines (JAL) has welcomed the release of a revised timetable for the airline's privatisation, Reuter reports.

In a new year message to the company, he said the 34.5 per cent state-owned company might be made private this year, instead of next, as earlier expected.

Efim sells off subsidiaries to competitors

By Alan Friedman in Milan

EFIM, the smallest of Italy's three state holding groups after IRI and ENI, is close to a deal under which it would privatise two air conditioning, heating and engineering subsidiaries by selling the companies to Italian competitors in the same sector.

Officine Termoteniche Breda (OTB), based near Bari in Puglia, appears likely to be sold to the Marelli engineering group.

Meanwhile, a second Efim subsidiary – La Fondiaria Breda – may be acquired by a Brescia-based consortium in the heating business.

The privatisation of these two Efim companies is designed to rationalise a market in Italy which is too fragmented to be profitable for many of the companies operating in the field.

Air New Zealand launches $100m facility

AIR NEW ZEALAND has launched a US$100m, five-year Euronote facility through Citicorp Investment Bank, writes Our Euromarkets Correspondent.

The deal, which does not carry a government guarantee although the borrower is 100 per cent state-owned, bears an annual facility fee of 5 basis points and provides for the issue of short-term notes at a maximum underwritten rate of 1/16 per cent above Libor (London interbank offered rate) for Eurodollar deposits.

A utilisation fee of 5 basis points will also be payable if more than half of any issue of notes is returned to the underwriters.

Also off to a quick start in 1986 is Electricidade de Portugal, which has launched an eight-year credit for the equivalent of $100m in Ecus or other currencies.

The credit bears interest at a margin of ⅜ per cent over Libor and repayments begin after a grace period of four years.

International Westminster Bank will act as agent on the deal. Other lead managers are Crédit Lyonnais, Fuji, Banco Pinto & Sotto Mayor and Union Bank of Switzerland.

Separately, Ireland's Industrial Credit Corporation, which recently arranged a DM 180m loan facility through Chase Manhattan, is putting together a $100m Eurocommercial paper programme. Joint dealers will be Chase Manhattan, Citicorp and Merrill Lynch.

● The move by Mr Jiri Huebner, director in charge of loan syndication at Chase Manhattan, to Credit Suisse First Boston's Euronote team is seen in the market as adding further to the growing muscle of investment banks.

With a volume of $7.48bn, CSFB ranked number two last year after Citicorp in the league table of arrangers of issuance facilities, Eurocredits and short-term commercial paper programmes, according to International Financing Review, a specialist newsletter.

Mr Huebner will join CSFB in February and move shortly afterwards to New York as part of a drive to increase US business.

Motorola agrees to buy Storno

BY JASON CRISP IN LONDON

MOTOROLA, the US electronics group, has agreed in principle to buy Storno, the Danish mobile communications subsidiary of General Electric of the US.

Storno, which had sales last year of about $95m and has 1,800 employees, has plants in West Germany, Denmark and a small facility in Camberley, Surrey.

The purchase will boost Motorola's already strong position in the European mobile communications business. Storno makes a range of equipment including communications gear for emergency services and has entered the market for cellular radio telephones.

The deal is subject to approval by the boards of both GE and Motorola and agreement by the various US and European regulatory authorities. No price was disclosed for the purchase.

Mr Rhesa S. Farmer, general manager of Motorola's communications sector, said: "Storno's line of land-mobile radio systems fits in well with Motorola's products and enables us to meet the specific needs of each country we serve. Storno has an excellent reputation as a high-quality supplier of complex radio systems and has developed close ties with many key customers throughout Europe."

Japan relaxes curbs on life groups

JAPAN'S life insurance companies, some of the largest among Japan's institutional investors in equities, are now permitted to sell stocks on margin, the Finance Ministry said yesterday.

The ministry had previously prohibited margin selling by life insurance companies because such transactions were considered speculative, an official said. Reuter

Peter Bruce in Stuttgart reports on the growth of the world's largest chain saw producer

Andreas Stihl cuts larger overseas niche

WHEN West Germany's most powerful trade union, the IG Metall, decided last year to call out its members in Baden Württemberg on strike in support of a shorter working week the idea was to focus the action on the country's car industry. The seven-week strike, however, began at a chain saw factory in Waiblingen, about 20 km north of Stuttgart.

It is no ordinary plant. From it Mr Hans Peter Stihl runs the world's biggest chain saw producer, Andreas Stihl. He is also the man who leads Baden Württemberg's employers, including Daimler Benz, Porsche and the Robert 80 CH electronics concern in their annual wage negotiations with the IG Metall each year.

Employees speak about Hans Peter Stihl with something approaching awe. They say he takes almost every manufacturing, marketing, design and research and development decision personally. At 53 years of age, the son of the group's founder, he is a cautious and apparently meticulous man who spends little time making small talk.

Hans Peter Stihl is in the great tradition of German family businessmen. His son, in his twenties and still studying, will probably be no exception.

Andreas Stihl started making chain saws in 1926 when he noticed how ridiculous it was to have to cart large pieces of timber to steam-driven sawmills. His first effort did not improve on things much as it was powered by electricity and could only be used near a power source. But he quickly developed a portable petrol-driven model and became the first in the world to begin volume production of chain saws.

Andreas soon developed modest markets in the US and Canada. When Hitler interrupted, the German military held a competition to select a standard chain saw, and Stihl won.

After the war, Andreas re-established ties with North America, bought up his former US importer and began assembly of saws on the other side of the Atlantic.

His preoccupation with export markets has paid off handsomely. The group has a 30,000 strong servicing-dealer network around the world, and although 50 per cent of manufacturing still takes place in Germany, the group sells more than 30 per cent of its product in other countries. Turnover this year will top DM 1bn ($489m) for the first time and has more than doubled since 1978. Last year's 23 per cent increase in sales, to DM 910m, was entirely due to exports.

When Andreas's two sons and two daughters were old enough, he brought them in as limited partners. Hans Peter, meanwhile, had been learning the ways of the engineering and commercial world. He studied mechanical engineering in Stuttgart, went to work for nearby Robert Bosch, did a stint as a consultant and in 1960 returned to Waiblingen and his father's company. He took charge in 1971, two years before Andreas died. With Hans Peter at the helm, Stihl remains a family business, with only one of the sisters inactive, though still a shareholder.

The world chain saw market is worth roughly $900m a year. Stihl claims 25 per cent of it, followed by Electrolux, which has achieved an 18 per cent share largely through acquisition. In addition to its six German plants, Stihl manufactures in the US, Brazil and Switzerland and assembles in Australia, a growing new market whose high customs duties would have made it difficult to enter with finished products.

	WORLD CHAIN SAW MARKET (units)	TURNOVER AT STIHL
1980	5.8m	DM 677m
1981	4.8m	DM 693m
1982	3.4m	DM 743m
1983	3.3m	DM 742m
1984	3.4m	DM 911m
1985	–	DM 1.1bn*

* Estimate

But chain saws, says Hans Peter Stihl, are not necessarily what they seem. "The real chain saw markets are not related to the amount of timber about. What is decisive is the standard of living."

The casual user in the US has also attracted a growing number of new Japanese producers, led by Kioretz and Shindaiwa which, he says, market aggressively. Without making any accusations, Mr Stihl also notes that the Japanese "pick up on technology very quickly," forcing the leaders, particularly in the current, stagnating market to concentrate on research and development. The better saw has to be lighter, safer, quieter and cleaner.

Overall, the world chain saw market has slumped dramatically from the most recent high of 5.8m units sold in 1980. Some 3.2m units were sold in 1983, and the increase since then has been marginal – 3.4m units last year and probably 3.6m this year.

There have been slumps before, but Hans Peter claims the group has never made a loss. Like most private companies in Germany, Stihl makes public only that financial information which the law requires. Actual profits are a family secret.

And neither is there any likelihood of Stihl joining the current "mini-wave" of family companies going public as they struggle, and fail, to find other solutions to the change in generations that worries so many of Germany's ageing businessmen.

"Going public is the last option," Mr Stihl says. Laws allowing trade unions a seat on supervisory boards mean the decision-making process is often slower in public companies. "Our market needs fast decisions. There has to be just one man at the top."

He could, he admits, headhunt professional management to run the group once he retires, but he wants his 25-year-old son to take over. "When my son is capable of succeeding me, then he will be appointed by me as prime partner," he says.

"He is still studying and will have to work abroad first to learn some languages and work for some business consulting companies." But even if he wants the top job, Andreas Stihl's grandson will have to wait a while. The present incumbent is quite happy where he is.

INTL. COMPANIES & FINANCE

Convergent and 3COM plan a merger with a difference

Louise Kehoe in San Francisco looks at the proposed merger of two Silicon Valley companies – the latest in a series involving high-technology groups.

THE RECENT proposed merger agreement between Convergent Technologies and 3COM, two of Silicon Valley's emerging growth companies, is the latest in a chain of US high-technology mergers and acquisitions, most of them involving small to medium-sized, young companies.

Over the past year, merger or acquisition has become a primary method of funding growth in the semiconductor, computer, software and related industries. With venture capital increasingly hard to come by, and the stock market largely hostile to high-technology offerings, such companies are looking instead for partners to help to finance their future development.

Mr David Jorgensen, chairman of Dataquest, a San José, California market research firm, said 1985 saw "an enormous amount" more merger activity than 1984. Dataquest has recently taken on the role of marriage broker, bringing together likely candidates for merger.

Although acquisitions and mergers have been on the increase in other US industries, the changing attitudes of most of the high-tech companies involved have more to do with short-term survival than long-term strategy.

In software, for example, dozens of start-up firms have been swallowed by others with established markets. There has also been consolidation through acquisitions in the disk-drive industry and among new semiconductor ventures.

In many cases, acquisition has been a last resort: independence is highly valued by the entrepreneurs who founded most such companies, and a merger is generally an admission of failure to go it alone.

The deal between Convergent Technologies and 3COM is unusual in that both parties were previously intent on such a move. 3COM had considered other partners and planned a merger route to growth. Similarly, Convergent Technologies had announced its intention to build up a "federation" of companies for the office automation market.

Sitting on the edge of what is widely expected to be an explosive market for local area networks (which tie together computers and peripheral equipment in the office), 3COM recognised the need for a critical mass, said Mr Robert M. Metcalf, the company's founder and chairman.

With sales in fiscal 1985, ended May 31, of $46m, 3COM's business almost trebled from the previous year and the six-year-old company has become recognised as a leader in its field.

So why the merger? "We are in the third millennium of computer history," Mr Metcalf said. Using terms which he admitted were grandiose, he outlined his vision of the office computer business emerging from the batch processing standards of the 1960s through the wide use of timesharing in the 1970s to today's networked personal computers and workstations.

"Just as Digital Equipment built its business upon the second millennium in computer development, we see great opportunities for the growth of new 'DECs' in the third millennium. We intend to be one of the emergent third-millennium companies. We want to drive the consolidation of the computer industry rather than become a victim of it."

Under the terms of the proposed merger, Convergent Technologies, which makes computer workstations, will join with 3COM, a local area networks manufacturer, to form a company offering office automation systems through computer retail and original equipment manufacturer (OEM) channels.

The deal will give 3COM shareholders a 27 per cent share in the new company after a one-for-one stock swap.

Convergent will acquire another key technology element needed to build a complete office automation system and will gain access to the retail computer market, where 3COM sells most of its networking products.

Convergent has previously failed to master retail distribution difficulties with its own portable personal computer, the Workslate.

Convergent has been under new management since January 1985, when Mr Paul Ely, former executive vice-president of Hewlett-Packard, US computer, office-automation group, executive. It has steadily improved its earnings.

Convergent and 3COM have already established close links. Both companies provide AT&T with important elements of its personal computer product line: Convergent builds AT&T's Unix personal computer, while 3COM makes AT&T's local area network.

But the ties between Convergent and 3COM go beyond business relationships. Two of Mr Ely's sons work for 3COM and Mr William Krause, 3COM's president, used to work for Mr Ely at Hewlett-Packard. Such close personal ties will be important in making the merger work.

Teledyne annual earnings drop 5%

By Paul Taylor in New York

TELEDYNE, the Los Angeles-based diversified manufacturing group, yesterday posted higher fourth-quarter net earnings but said full-year net earnings, after special gains, had fallen by 5 per cent.

The group's results are heavily influenced by the sale of investments by its insurance subsidiary and other special items.

Excluding these items, Teledyne said after-tax full-year operating net income had fallen by 9 per cent to $188.2m, or $16.07 a share, from $209m, or $13.72, in 1984 while fourth-quarter operating net earnings had increased to $54.9m, or $4.69 a share, from $39.4m, or $3.27.

For the final quarter the group reported net earnings of $98.6m, or $8.42, compared with net earnings of $85.7m, or $7.32, in the 1984 fourth quarter on sales which slipped by 5.5 per cent to $819.8m from $867.2m.

The latest fourth-quarter results include $43.7m in gains on the sales of investments while the year-ago quarter included $16.5m in losses on the sale of investments offset by a $62.8m special tax credit.

Full-year net earnings were bolstered by a $274.3m gain on the sale of investments and a $83.9m income gain resulting from a Litton Industries distribution. They fell to $546.4m, or $46.66 a share, from $574.3m, or $37.69, in 1984 when net earnings were lifted by $280.3m in gains on the sale of investments and $105m in special tax credits.

Sales fell to $3.26bn from $3.49bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 6.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅝ 92	100	102	102½	−0⅛	−0⅛	9.98
Amex Credit 10⅞ 90	100	104¾	105¼	0	+0⅞	9.58
Atlant Richfld 10¼ 00	250	100½	101	−0½	−0½	10.13
Australia Com 11 95	200	109½	110	−0⅛	0	9.37
Australia Com 11¼ 00	100	110¼	110¾	0	+0¼	9.84
BP Capital 11⅛ 92	150	106¾	107¼	−0⅛	+0⅝	9.55
Campbell Soup 10½ 95	100	105⅝	106⅛	+0⅜	+0½	9.53
Canada 11½ 90	500	109⅛	109⅝	−0⅛	−0½	8.72
Canadian Pac 10¾ 93	100	105⅞	106⅜	−0⅛	−0⅛	9.54
Canadian Pac 12½ 89	75	110¾	111¼	+0⅛	+0⅝	10.90
CEPME 10⅛ 91	100	103¾	104¼	0	−0⅛	9.19
Chevron U.S.A. 12¾ 89	600	105¼	105¾	0	−0¼	10.37
Citicorp 10 88	200	102¼	102¾	0	+0⅛	8.85
Citicorp 10⅝ 95	200	101⅝	102⅛	+0⅞	+0⅞	10.29
Coca Cola 11¾ 91	100	108	108½	−0⅜	−0¾	9.78
Denmark Kingdom 11¼ 89	100	106⅛	106⅝	−0¼	−0½	8.92
Denmark Kingdom 11½ 90	100	107⅝	108⅛	−0¼	−0¼	9.19
Denmark Kingdom 11½ 92	100	108⅝	109⅛	0	−0¼	9.53
E.D.F. 10 95	225	102⅜	102⅞	0	−0½	9.55
E.E.C. 9⅝ 90	350	101⅝	102⅛	0	−0⅛	9.08
E.E.C. 11⅛ 90	100	107⅜	107⅞	+0⅛	+0¼	8.81
E.I.B. 12 95	200	113⅞	114⅜	−0⅛	−0¼	9.62
Eli Lilly 10¼ 92	150	105¾	106¼	0	+0⅛	9.01
Export Dev Corp 10 90	100	104¼	104¾	−0⅛	−0⅛	8.70
Export Dev Corp 12 89	100	109¼	109¾	0	−0⅛	8.98
Fed Dep Stores 10⅝ 95	100	103⅛	103⅝	−0⅛	+1⅜	9.55
Ford Motor Cred 10½ 91	150	103½	104	0	−0¼	9.62
Ford Motor Cred 11⅜ 90	100	105⅝	106⅛	0	−0½	9.56
Ford Motor Cred 12 95	100	108½	109	−0¼	−0⅝	10.45
Gen Elec Credit 10¼ 00	200	103¾	104¼	+0⅛	+0¼	9.71
GMAC 10¼ 88	200	104	104½	0	+0⅜	8.72
GMAC 10¼ 92	250	102⅞	103⅜	−0⅛	0	9.60
IADB 10½ 95	150	105⅛	105⅝	−0⅜	−0⅝	9.61
IBM Credit 10⅜ 2000	300	† 103¾	104¼	0	0	9.83
Kellogg Company 10⅞ 90	100	104½	105	−0¼	0	9.48
Kellogg Company 11¼ 92	100	106⅛	106⅝	−0¼	−0⅛	9.88
L.T.C.B. 12⅞ 91	100	113⅞	114⅜	−0⅜	+0⅛	9.58
Mitsui Trust 11⅜ 90	100	† 106½	107	−0⅛	−0⅝	9.66
Nippon Cred Bk 10⅝ 95	150	104¾	105¼	−0½	−0⅞	9.81
Pillsbury Co. 10¼ 93	100	101½	102	−0¼	−0½	9.90
Pru Realty secs 12⅛ 95	546	110⅞	111⅜	−0⅛	−0⅛	10.19
Qantas Airways 10⅜ 95	140	105⅜	105⅞	0	0	9.43
Quebec Hydro 11½ 92	100	109	109½	−0¼	+0⅛	9.60
Queensland Govt 10¼ 95	100	103¾	104¼	0	+0⅛	9.58
Ralston Purina 11¾ 95	150	110	110½	+0⅛	+0¾	9.98
Ralston Purina 12¾ 89	100	109⅝	110⅛	−0¼	−0⅛	9.48
Saskatchewan 10¾ 92	100	106½	107	+0⅛	+0⅛	9.25
Saskatchewan 11⅞ 89	100	† 108½	109	−0½	−0¼	9.07
Statoil 10 90	170	103½	104	−0⅛	−0¼	8.94
S Wales Trsy 11¾ 90	150	108¾	109¼	−0⅛	0	9.11
Swed Exp Cred 10 92	100	102⅞	103⅜	−0⅛	−0¼	9.31
Swed Exp Cred 12¾ 89XW	100	108⅞	109⅜	−0¼	−0⅜	9.65
Sweden Kingdom 10⅞ 90	200	106½	107	0	0	8.91
Sweden Kingdom 11½ 89	200	107⅞	108⅜	−0⅛	−0¼	8.95
Sweden Kingdom 11¾ 94	100	110½	111	−0⅜	−0¾	9.86
Tenneco Corp 10¾ 95	150	102⅜	102⅞	−0⅛	−0⅛	10.28
Texaco Capital 10 95	300	†* 83	85	0	−0¼	12.98
United Tech Fin 10⅜ 95	100	104	104½	0	+0½	9.99
Victorian Rep 11⅜ 92	150	109	109½	−0¼	0	9.58
World Bank 10⅛ 95	300	104¾	105¼	−0⅛	−0½	9.29
World Bank 12⅞ 94	200	118⅛	118⅝	+0⅛	+0⅝	9.43

Average price change On day −0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	106⅝	107⅜	0	0	6.89
Austria Republic 7⅝ 94	200	104⅝	105⅜	−0⅛	0	6.80
Baxter Travenol 7¼ 94	200	101¾	102½	0	+0⅛	6.90
Copenhagen 7⅜ 95	150	101¼	102	−0⅜	−0⅝	7.12
Credit National 8⅛ 94	200	106¾	107½	+0⅛	+0⅛	6.94
Dow Chemical 6¾ 95	300	† 101	101¾	+0¼	+0⅜	6.56
E.I.B. 7¼ 94	300	103½	104	+0⅛	+0¼	6.66
Escom 8 92	150	93½	94¼	0	+0⅛	9.33
Ex-Im Bk Korea 7⅜ 90	100	100⅛	100⅞	0	0	7.47
Ferrovie Dello Stato 8 91	100	105	105¾	+0¾	+1⅛	6.74
Finland Republic 7 92	200	101¾	102½	0	+0⅛	6.56
Gould Int Fin 7⅜ 91	100	105⅛	105⅞	+0¾	+1	6.37
Ireland 8⅞ 92	150	104½	105¼	+0⅛	+0⅛	7.13
Japan Fin Corp 7⅜ 91	100	104⅛	104⅞	−0⅛	0	6.61
Mitsubishi Hvy 3½ 89WW	300	165¾	167¼	+0½	−3	−12.05
Mitsubishi Hvy 3½ 89XW	300	93	94	−0½	−0½	5.75
Mitsubishi Met 3⅛ 89WW	100	104⅛	105⅛	−0⅛	−0⅜	1.90
Mitsubishi Met 3⅛ 89XW	100	89	89¾	0	−0⅛	6.24
Quebec Hydro 7⅜ 95	200	102½	103	0	−0¼	6.71
Rente 7¾ 95	100	103½	104	0	−0⅜	7.18
Soc Cent Nuclear 7¼ 95	150	100¾	101½	0	+0⅛	7.07
Societe Cent Nuclear 8 91	100	105	105¾	+0⅛	−0⅛	6.78
Sth African Tran 7⅜ 92	100	92⅛	92⅞	0	0	9.14
World Bank 7 95	600	102¾	103½	+0¼	+0⅜	6.54

Average price change On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap Corp 5⅜ 94	130	† 101¼	101½	0	0	5.18
Brit land Comp 6½ 89	75	†* 104	104¼	−1	−1	6.85
Council of Europe 6 92	120	† 103	103¼	0	+0½	6.44
Creditanstalt 5½ 94	100	† 100¾	101	0	+0½	5.37
Deutsche Bk Fin 5⅜ 95	100	† 104¾	105½	−0¼	−0¼	4.67
E.I.B. 5⅞ 94	120	† 102	102¼	+0½	+0¼	5.58
Gen Occidentale 4½ 94	80	† 109½	109¾	−0¼	+0¾	3.24
Glendale Fed S&L 5½ 95	100	† 99	99¼	0	+0¼	5.62
Ind Fund Fin 5¾ 94	40	† 101½	101¾	0	+1	5.51
Int-Am Dev Bk 6⅛ 94	120	† 104½	104¾	0	+1	5.45
N.Zealand steel 5¾ 96	70	† 102	102¼	+0¼	+0¼	5.49
Oberos Kliwk 5⅜ 95	100	† 102	103	−0⅜	+1⅜	5.02
Olivetti Intl 5½ 95	100	† 101	101¼	−1½	−1⅝	5.34
Pepsico 5¼ 95	130	† 105	105¼	+0⅞	−0⅛	4.55
Ralston Purina 5⅜ 94	125	† 102	102¼	0	0	5.07
Santos Finance Ltd 6 94	130	† 100¾	101	+0⅜	+0⅜	5.87
Tokyo Elec Pwr 5½ 93	120	† 102½	102¾	+0½	+1⅜	5.05
Tokyo Metropolis 5¼ 94	80	† 103	103¼	−0½	−0½	4.81
World Bk 5¾ 94	150	† 104	104¼	−1⅛	−1½	5.16

Average price change On day −0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Caisse Nat Tele. 6¼ 92	25	98¼	98¾	+0⅛	+0¼	6.52
Gdyr Tr & Rubber 7⅛ 95	25	102⅛	102⅝	+0⅛	+0⅛	6.77
Mort Bk Denmark 7 92	10	101	101½	0	+0¼	6.74
New Brunswick 7⅛ 95	10	103½	104	+0⅜	+0⅜	6.57
Swed Exp Cred Zero 90	14	73¼	73¾	+0½	+0⅛	6.73

Average price change On day +0⅛ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Aust 12⅝ 90AS	50	90⅞	91⅞	+0¼	+0⅜	15.28
Creditanstalt 12⅞ 90AS	50	95¼	96¼	+0⅛	−1⅛	14.12
Pepsico Cap. Res. 13 90A$	50	104¼	105¼	0	+0⅝	11.80
Swed. Export Cred 13 88A$	40	97⅝	98⅝	+0¼	+0⅝	13.79
Amex 10¾ 90 C$	50	102⅞	103⅜	−0¼	+0⅛	9.82
Canadian Pac 10⅜ 90 C$	75	100⅝	101⅛	−0¼	0	10.11
CIBC 10¾ 90 C$	75	† 100⅛	100⅝	−0⅜	−0½	10.62
Genstar Fin 11¾ 95 C$	75	105⅜	105⅞	−0⅛	−0⅜	10.75
Montreal 11½ 95 C$	75	105⅝	106⅛	−0¼	−0⅜	10.46
Sears Acc. Co 10⅝ 92C$	75	† 100⅞	101⅜	0	+0¼	10.36
Winnipeg City 10⅝ 90C$	50	103½	104	−0¼	−0⅛	9.53
Chrysler Fin Corp 17 90NS	65	96½	98	+1¾	+2	17.81
K.O.P. 16¼ 91 NS	50	96	97½	+1¾	+2⅛	17.18
Kredietbank Lux. 17 88 NS	70	99¾	100¾	−0¼	+0⅛	16.76
Bayer Vereins 8⅜ 88ECU	60	101	101¾	+0⅛	+0⅛	7.81
Chrysler Fin Corp 9 92ECU	75	† 98¼	98¾	+0¼	+0⅜	9.30
Xerox Canada 8½ 90 ECU	40	98½	99¼	+0⅛	+0½	8.79
Honda Motor WW 3⅞ 90FL	100	105⅝	106⅜	−0⅜	0	2.38
Honda Motor XW 3⅞ 90FL	100	90⅜	90⅞	0	0	6.47
Thyssen 7¼ 90 FL	50	103¾	104¼	0	0	6.22
Wereldhave 7½ 90 FL	75	102½	103	0	+0⅛	6.76
Wessanen 6¾ 90 FL	50	101⅜	101⅞	0	+0⅝	6.33
Mobil Corp. 11⅛ 90 FF	500	102½	103	+0⅛	+0¼	10.33
Amev 11 93 £	50	96⅛	96⅝	−0⅜	−1⅜	11.79
Australia Comm 11 92 £	40	97¾	98¼	−0⅜	0	11.44
E.I.B. 11⅛ 93 £	50	98¼	98¾	−0⅜	−0⅛	11.42
GMAC UK Fin 10½ 90 £	30	96⅝	97⅛	−0¼	0	11.39
Imp Chem Inds 11¼ 95 £	75	98⅛	98⅝	−0⅜	−0⅜	11.51
Imp Chem Inds 10¾ 92 £	75	95⅞	96⅜	−0⅜	−0⅜	11.59
Mcdonalds 10⅞ 90 £	40	98⅛	98⅝	−0⅜	−0⅜	11.34
Mitsubishi Fin HK 11 90 £	50	97⅛	97⅝	−1⅛	−1⅛	11.76
NSW Treasury 10⅝ 92 £	50	94¾	95¼	−1	−1	11.71
Privatbanken 11⅞ 92 £	20	100	100½	+0⅛	+0¼	11.79
Rank Xerox 11 92 £	40	96¾	97¼	−0⅜	0	11.67
Royal Ind 10¾ 92 £	60	95½	96	−0⅜	−0¼	11.68
Tricentrol XW 11 92 £	35	92¼	92¾	−0⅝	−0⅞	12.73
Tsthouse Forte 11⅛ 90£	50	97⅝	98⅛	−0½	−0½	11.75
World Bank 11¼ 95 £	100	98⅜	98⅞	−1⅛	−1	11.47
C.O.E. 8⅞ 95 LF	600	† 98¾	99¼	0	−0¼	9.02
Nat Lux Alum 10½ 92 LF	600	102⅞	103⅞	−0¼	−0⅜	9.77

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Abbey National 5 2000 £	0	99¼	99½	15/1	11⅜	11.45
BankAmerica O/S 5¼ 96	0⅛	99⅝	99⅞	30/3	8¼	8.27
Bankers Trust 5 2000	0	99⅝	99⅞	11/3	8.31	8.33
B.F.C.E. 5¼ 99	0⅛	100⅛	100⅜	13/3	8¾	8.73
B.N.P. 5¼ 95	0	101¼	101½	18/1	8.69	8.57
B.N.P. 5¼ 99	0⅛	100⅛	100⅜	23/3	8⅜	8.35
Britannia 5 93	0⅛	99¾	100	8/1	11½	11.51
C.C.F. 5¼ 97	0	99½	99¾	5/4	8.66	8.69
Chase Man'tn 5¼ 2009	0⅛	100	100¼	5/3	8.31	8.30
Citicorp 5 2035	0	99¼	99½	27/1	8.23	8.28
Credit Lyonnais 5¼ 96	0⅛	100¾	101	11/4	8½	8.43
Credit Lyonnais 5 00	0	100⅛	100⅜	10/1	7.94	7.92
E.E.C. 5 90	0	99¾	100	8/1	7.94	7.95
E.N.E.L. 5 00	0⅛	100	100¼	1/3	8⅜	8.36
Ireland 5¼ 97	0	100	100¼	28/2	8.44	8.43
Lloyds Bank Perp	0¼	100¼	100½	9/6	8½	8.47
Man–Hanover 5 97	0	99¼	99½	22/2	8.19	8.24
Midland Bank Perp 5	0¼	100¼	100½	19/6	8⅛	8.09
Nat West Perp A 5¼ S	0¼	100⅛	100⅜	9/1	8¼	8.23
Nat West Perp B 5¼ S	0¼	100⅛	100⅜	10/2	8⅝	8.60
Royal Bk Scotland 5 Perp	0¼	99¾	100	11/6	8.44	8.45
Roy Bk Scot 5¼ 2005 £	0	99⅛	99⅜	4/2	11¾	11.84
Societe Generale 5¼ 97	0	100¼	100½	18/3	8⅝	8.59
United Kingdom 5 92	0	100	100¼	7/7	8.06	8.05
Woolwich 5 95 £	0⅛	99¾	100	19/2	11.69	11.70

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	129	130	−0¼	6.09
Comcast 7 2000	12/85	23.875	† 113½	115	+1	23.25
Fanuc 3¾ 98	1/84	7032.3	201⅞	203⅞	−0⅜	64.90
Fuji Hvy Inds 3 2000	8/85	678	93⅜	94⅜	−0⅜	2.43
Fujitsu 3 99	5/84	1320.9	103⅛	104⅛	−1⅜	12.58
Kumagai Gumi 3½ 2000	3/85	600	105½	107	−1½	11.21
Marui 3½ 99	7/84	1162	152⅝	153⅝	−0¾	−1.38
Mitsubishi Bank 2⅞ 00	8/85	1768	99⅜	100⅜	−0⅞	−2.19
Mitsubishi Elec 2⅞ 00	3/85	422	102⅞	103⅞	−0⅞	−1.05
Murata 3½ 2000	7/84	2398	122⅜	123⅜	−4⅝	12.85
Nippon Elec 2⅞ 2000	1/85	1285	122¾	123¾	−2⅛	46.54
Nippon Oil Co 3 2000	5/85	923	111⅝	112⅝	+1¾	8.31
Oki Elec Ind 3½ 99	10/84	805	101	102¼	−0⅜	1.22
Sekisui House 3 99	8/84	612	159⅝	161⅛	−1⅛	1.17
Sumitomo Bank 2¾ 2000	8/85	2142	97½	98½	−1⅜	1.98
Sumitomo Corp 2⅞ 99	5/84	593	142⅝	143⅞	−0⅜	8.37
Taiyo Yuden 3¼ 2000	3/85	1078	†* 108	109	0	−0.32
Takeda Riken 3⅜ 2000	10/84	7863	† 100	102	−4	2.71
Tokyo Sanyo Elec 3½ 99	12/84	772	99¼	100½	+0⅛	5.46
Toshiba Ceramics 3 2000	4/85	1734.2	97⅞	99⅛	+0⅜	8.31
Nippon Oil Co 2⅝ 92 SF	3/84	1052	† 101	101½	−0¼	17.63
Nippon Shinpan Co 2 92 SF	3/84	801	† 116¼	117	−0⅞	12.68
Asics 5 92 DM	12/83	520	107⅝	108⅞	0	19.12
Renown 3⅛ 90 DM	3/85	675	105	106	+0¼	−0.67
Sun Realty 6¼ 92 DM	2/83	338	† 408½	410½	−26	−9.09

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Malaysia will not release Bank Bumiputra report

BY WONG SULONG IN KUALA LUMPUR

CONTROVERSY has erupted in Malaysia over the government's refusal to make public a report by an investigation committee into the country's biggest financial scandal, in which the state-owned Bank Bumiputra lost more than US$1bn in bad loans to Hong Kong property speculators, including the collapsed Carrian group of Mr George Tan.

Dr Mahathir Mohamad, the Prime Minister, announced over the weekend that the government would not release the report, not because it had something to hide, but because it would not take legal responsibility.

His announcement prompted Tan Sri Ahmad Noordin the country's respected Auditor General, who headed the investigation committee, to threaten to release the report in his own name. The three-man committee took nearly two years to compile the 1,075 page report on behalf of Bank Bumiputra.

Tan Sri Ahmad said the report should be made public because his committee had taken pains to ensure it had not contravened the laws on banking secrecy nor was prejudicial to persons named.

Opposition parties and numerous social groups have come out in support of the Auditor General and said they would start a defence fund if he is sued.

Many Malaysian lawyers feel it is highly unlikely that any legal suits will succeed as the report concerns a subject of national interest, and some suggested it should be released in parliament so that there is no question about it being a priviledged document.

It is believed that the names of more than 70 Malaysians, including a few politicians, appeared in the report.

Mr Lorrain Osman and Mr Hashim Shamsuddin, former Bank Bumiputra directors, are now under arrest in London awaiting extradiction to Hong Kong to answer charges of fraud and corruption involving the loan scandal.

The Malaysian Government's image and credibility had been badly dented by the loan affair, and despite many denials, rumours persist that senior Malaysian politicians are involved and that part of the money came back to Malaysia for political purposes.

In a statement last month when the report was finally completed, the investigation committee described the Carrian-George Tan episode as "a gigantic juggling trick of corporate assets" and added most of the money, given to them by Bumiputra Malaysia Finance, the Hong Kong subsidiary of Bank Bumiputra, eventually ended up in "two dollar companies registered in Liberia." There was little hope of the recovery of the money, it added.

HK relisting planned for Sing Tao Newspapers

By David Dodwell in Hong Kong

MISS SALLY AW SIAN, who controls Sing Tao Newspapers, the Hong Kong printing and publishing group, is planning to re-list the company on the Hong Kong Stock Exchanges by March. She intends to offer new and existing shares in the company amounting to 25 per cent of its share capital with the aim of raising just over HK$100m (US$12.8m).

The domicile of Sing Tao was shifted from Hong Kong to Australia just seven months ago when Cereus, an Australian shell company, took control of Sing Tao in a deal worth A$45m (US$30.6m). Miss Aw, who now has a 40 per cent stake in Cereus, is understood to have had reservations about the future of Hong Kong under Chinese sovereignty after 1997.

Many interpreted her shift as aimed at protecting her long-term corporate interests. Miss Aw insisted however that the group had become an international one, and that as such Australia was a good base. She has over some years built up substantial property interests in Australia.

The reflotation is part of the group's overall expansion plan, a spokesman said yesterday. In specific terms, the share issue will help to pay for Sing Tao's 50 per cent stake in a prime property development in Hong Kong that it agreed to take in October.

Provided final agreement is reached, the listing will involve the issue of 48m new shares, and the offer of 12m existing shares in Sing Tao, which will amount to 25 per cent of the group's expanded share capital.

Miss Aw did not disclose yesterday either the exact pricing, or the date on which a full prospectus will be published. It is understood, however, that the group aims to publish the prospectus late in February, with a listing targeted for mid-March.

In October, Sing Tao in partnership with the Hong Kong-listed Impala Pacific acquired for HK$636m the right to develop an office, retail and hotel complex in a prime site in the centre of Kowloon. A loan of HK$400m was raised to cover part of the cost of the acquisition. Sing Tao agreed to raise its share of the remaining HK$230m by issuing equity.

Liptons Pakistan lifts payout

By Mohammad Aftab in Islamabad

LIPTONS PAKISTAN, a tea and agro-products affiliate of Unilever, has lifted dividends for 1984 to 22.5 per cent, from 17.5 per cent in 1983.

Sales totalled Rs 1.53bn ($95.86m), up 34 per cent and profits before tax were Rs 35.7m compared with Rs 22.8m.

The company said procurement and export of dates had risen rapidly during the year, and besides marketing tea in Pakistan, it would concentrate on exporting dates.

It also announced that it will undertake prawn farming, with assistance from its parent company. The major portion of prawns would be exported.

● The Pakistani offshoot of Parke-Davis, the US speciality pharmaceutical company, doubled its dividend to 40 per cent for the year ended November 30, 1984.

After-tax profits were Rs 9.74m against Rs 9.644m in the previous year.

Sales rose "impressively" especially with the introduction of Maxream, a new product for the treatment of arthritic disorders.

Australian mining industry in foreign exchange plea

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA'S mining industry is urging the Government to allow it tax relief for foreign exchange losses.

Mr Rob Fraser, an economist at the Australian Mining Industry Council, said that the Government should also aid mining companies by dispensing with foreign investment guidelines, scrapping export controls, and abolishing the coal export duty.

"The latest mining industry survey show that A$317m (US$216m) was written off by mining companies last year in foreign exchange losses, compared with A$44m the year before," said Mr Fraser.

"There would be something like another A$1bn being carried forward off the books in the hope that the exchange rate will move in a more favourable direction in the future."

The A$ suffered a major down-rating last year, caused mainly by worries over Australia's worsening trade performance and concern at its continued marked reliance on commodity exports.

Despite the mining industry's concern over foreign exchange losses, the much weaker A$ has helped boost export reliefs, and could lead to significantly higher mining profits in 1985-86.

Wardley stake for US group

THOMSON McKINNON of the US has agreed to take a 33 per cent stake in the commodities trading arm of Wardley of Hong Kong, AP-DJ reports from Hong Kong.

Wardley-ACLI Commodities has been renamed Wardley-Thomson. Its staff of about 100 in Hong Kong and about 20 in Singapore will remain unchanged, Wardley said. Its operations, which are centred on Asia, also will continue unaffected.

The price paid by Thomson-McKinnon, a New Yark-based investment house with operations in the US and Europe, was not disclosed.

UK COMPANY NEWS

Beazer improves terms and lifts stake in French Kier

BY DAVID GOODHART

C. H. Beazer, the acquisitive Bath-based housebuilding group, yesterday increased the value of its offer for construction company French Kier Holdings by about 27 per cent and immediately strengthened its hand in the bid—through a "tea-time" raid raising its 25.6 per cent stake to about 38 per cent.

Mr Brian Beazer, chairman of Beazer, will today meet Mr John Mott, chairman of French Kier, who last night conceded that the improved offer took Beazer "quite close" to clinching the bid.

Mr Mott said: "In my own personal view I think it is now quite close but we don't yet know the full details."

The original offer of two Beazer shares plus 655p cash for every seven French Kier shares has been increased to four Beazer shares plus £13.35p for every 11 French Kier shares. The first offer valued French Kier at about £115m. Based on a Beazer share price of 476p the new offer is worth £146m.

The new offer was described by Mr John Mathew of Beazer's financial adviser County Bank as "designed to ensure we win." He said County Bank had talked to a lot of institutions and felt confident it was a knock-out offer.

Beazer revealed its new cash alternative of 285p yesterday afternoon when it bought 3.4m French Kier shares in the market at that price. County Bank subsequently acquired about 3m more French Kier shares, taking the holding to about 38 per cent according to Mr Matthews. The previous cash alternative was 225p.

Beazer made its original offer for French Kier in November having picked up Trafalgar House's 25.6 per cent stake in the construction group.

The new offer values French Kier at roughly 294p a share—with 173p the share element and 121p cash. French Kier's share price rose 18p on the news to close at 285p. Beazer closed 8p down at 470p.

Tomkins profits leap to £2.4m

DOUBLE PROFITS have been produced by the F. H. Tomkins engineering group in the six months ended November 2 1985, and the interim dividend is lifted from 0.775p to 1p net.

Turnover for the period rose by some 65 per cent to £26.54m while the pre-tax profit advanced from £1.22m to £2.4m, helped by a turnround from interest charged to interest received.

Mr Michael Moore, chairman, says the directors have confidence in the future of the group. They are well on the way to integrating the recently acquired companies and encouraging the financial performance that is required from each of the businesses.

And with above average underlying earnings growth from existing activities and "a cash rich" balance sheet, the group is in a strong position to augment organic development by acquisition.

Mr Moore says industrial fasteners continue to perform well with Hexagon and Walters showing notable growth. Management attention at Stocklnox and Sopralor, the French distributors, has led to them generating a useful contribution to profit.

Hayters' operations have been transformed in the last 12 months and made an important addition to profits. The chairman expects a significant benefit to the full year results since the activities are mainly second half orientated.

The recent acquisition of Totectors, Twiflex, Premier Screw, Firth Cleveland Engineering and G. F. Homer came towards the end of the first half and all have made a promising start. "We look forward to developing these businesses," the chairman states.

The companies were bought from Guest Keen Nettlefolds for £10.7m, satisfied by cash and the issue of 3.5m shares which the vendor had placed with institutional investors. Some three months earlier Tomkins had made a rights issue to raise around £11.7m.

In the half year trading profit worked through at £2.25m (£1.47m) and to this was credited interest received of £152,000, against a charge of £255,000.

Tax took £914,000 (£463,000) and there was a minority loss of £3,000, leaving £1.49m (£756,000) attributable to shareholders, equal to 3.99p (2.81p) per share.

For the year ended May 4 1985 the group pre-tax profit was £3.62m and a total dividend of 2.25p was paid.

• comment

With Hayters in for six months and a clutch of former GKN subsidiaries included for less than three, the underlying performance of F. H. Tomkins is shrouded in guess-work. But the core activities appear to have performed well, especially in France. Yet the most impressive feature of the half year must be the improvement at Hayters. Greg Hutchings had a couple of sleepless nights once he got inside but an 88 per cent improvement in productivity since November '84 and a £1¾m reduction in working capital show what can be done. The GKN companies do not offer the same opportunities; they are already well run businesses and eight months from those should be worth at least £1¼m pre-tax lifting the full year to £6.7m. At 227p the prospective p/e comes out at just under 21—almost double the industrial average. So far Mr Hutchings has not put a foot wrong, hence the rating, but the next purchase has to be picked well—with £12m in cash and highly rated paper the opportunities are legion—for it could be the last one in the UK before the group tries its skill in the US.

NVT holders accept Morgan Nicholls' offer

THE TAKEOVER offer made by privately-owned Morgan Nicholls for the shell of Norton Villiers Triumph, Manganese Bronze Holdings Subsidiary has been accepted by holders of 72.5 per cent of the company's shares.

The holders of 64.25 per cent of the shares accepted Morgan Nicholls' one-for-one share exchange offer, with 8.25 per cent opting for its 1p-a-share cash alternative, which has now closed. The shares offer, which has not been declared unconditional, remains open.

Acceptances include the 49.99 per cent of the NVT's ordinary shares held by Manganese Bronze.

Wingate and Trafford Park call off merger

BY DAVID GOODHART

THE MERGER of Wingate Property Investments with Trafford Park Estates, the Manchester-based property company, agreed last October, has been called off following disagreements over the structure and direction of the new merged company.

At the time of the agreed merger Trafford Park bid 61 of its shares for every 100 Wingate, giving the latter 44 per cent of the combined equity. But the Trafford Park management implied at the time that the desire to inject Wingate's younger management team into Trafford Park was one of their motivations for the bid.

Mr Neil Westbrook, chairman of Trafford Park, said in October: "Two of us at Trafford Park are getting older and replacements would have had to take place in a year or two."

But it appears that the combination of the senior personnel of the two companies has not been as smooth as hoped. "It was a marriage of two unfamiliar property company cultures," said one analyst yesterday. The boards of the two companies have consequently decided not to go ahead with the merger.

At the time of the original merger plan Trafford Park faced the danger of a take-over bid from Peel Holdings, which then held 8.5 per cent of its equity, and in August there had been inconclusive talks between the two companies.

There remains some doubt as to the future of two joint developments between the companies, one at Manchester airport and the other in Surrey.

Trafford Park Estates share price fell 3p to close at 212p while Wingate Property Investments rose 5p to close at 110p.

Share sale by Lloyd Webber to raise £9m

Andrew Lloyd Webber, composer of Cats and Starlight Express could make a minimum of £9m as part of the offer for sale by tender in the Really Useful Group.

This prospectus, published today, shows the shares are being offered by J. Henry Schroder Wagg at a minimum price of 330p to value the company at £35.2m.

Mr Lloyd Webber plans to sell 2.8m of the 5m shares in the offering. His remaining 38 per cent stake is valued at the minimum price at £13.4m. Mr Brian Brolly, the managing director will contribute a further 1.2m shares, leaving him with 16 per cent of the group.

The flotation will raise £2m, after expenses, for the company. The money will be used to buy from Mr Lloyd Webber the half of the Palace Theatre Cambridge Circus London that the company does not already own, and go towards a £5m refurbishment programme, due to start this year.

Apart from the theatre,

Mr Andrew Lloyd Webber founder and director of Really Useful Group

which has recently been valued at £2m, the company's major assets are the copyrights of Mr Lloyd Webber's musicals written since 1978.

The group's profits have grown exponentially since 1983, as successive productions of Cats have started generating profits. From £475,000 in 1983, pre-tax profits of £2.7m were made in the year ended June 1985. In the current year, profits are forecast to be not less than £4.2m.

On this basis the shares are on a price earnings multiple of 13 at the minimum price (39.5 per cent tax). The prospective dividend yield is 5 per cent.

Application lists open on January 14 at 10 am, and dealings begin on January 21. Brokers to the issue at Phillips and Drew.

• comment

While some investors may be loath to back a company for which the reviews of flegmatic art critics are price sensitive information, others, lured by the giant name of Lloyd Webber will doubtless carry the day, and ensure that the issue is well over-subscribed. As a marketing vehicle the Really Useful Group has been an enormous success, exploiting its copyrights skilfully; without putting its own money at risk. However, it remains a one-product company, and although there is a good deal of mileage left in Cats, sooner or later another triumph on a similar scale will be needed to replace dwindling Cats revenues. The potential of Starlight Express in the US, where the real money is made, is almost as much of an unknown quantity as is the popularity of the musical; Lloyd Webber should produce over the next seven years. Meanwhile, the investment in the Palace Theatre does not look particularly well advised — by sticking to what it does so well, the group can make a return on its money of much more than the 10 per cent. However, the minimum price is not too greedy, and should leave room for a strike price to be set comfortably higher.

Eric Short on the background to the £100m purchase of Pilot Insurance

GA goes motoring in Canada

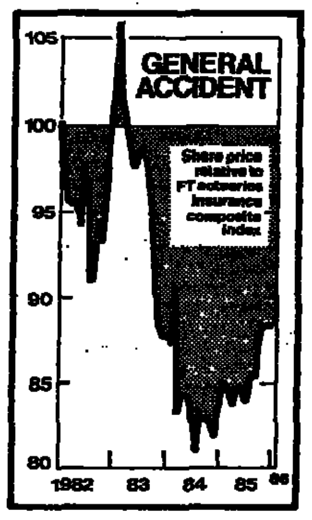
UK COMPOSITE insurance companies have been going through a traumatic experience in their North American operations in the past few years, with heavy underwriting and pre-tax losses in the Canadian market, as well as in the more publicised US market.

Chief executives discussing their results refer to retrenchment in their North American operations, pruning out the unprofitable areas of business and the unprofitable agents.

So news of General Accident's acquisition of a major Canadian insurance company Pilot Insurance from the US Reliance Financial Insurance Corporation for US$163.6m (£100.6m) came as somewhat of a surprise yesterday.

However, in recent years Pilot has achieved an underwriting and profit record that goes very much against the general trend in the Canadian insurance market. Until last year, the company has recorded an operating profit with a ratio—of claims and expenses to premium income—below 100 when the industry as a whole was recording very heavy losses, even in GA's own Canadian operations.

It is GA's first major acquisition for some time, but the company intends to embark on an expansion programme as world insurance markets, particularly the North American market, come out of their recent recession. Other UK composites, which has been quiet on the take-over front, could now emulate GA's lead.



Yesterday's deal takes GA up from being the seventh largest insurer in Canada to the third largest.

Pilot is a property and casualty insurance company based in Toronto and operating exclusively in Ontario. It writes predominantly personal lines, with nearly three-quarters of its business in personal automobile business. Herein lies the secret of its success.

It operates very selective underwriting procedures, and has an excellent working relation with its agency force who are well rewarded for the good business brought to Pilot. In short, the company has been successful in identifying and concentrating in good risk business, both in geographical area and category of car and driver.

This is in complete contrast to GA's existing Canadian business.

GA's motor insurance portfolio in Canada, although substantial, is proportionately smaller than its motor portfolios in both the UK, where it is one of the largest motor insurers, and the US.

The success of Pilot is even more surprising given that business in Ontario is highly competitive in an adverse legislative environment.

There will be no attempt to integrate GA's existing Canadian business with Pilot. The two operations will continue independently.

The deal was financed by GA issuing 14,334,000 shares to Reliant, which were then bought by J. Henry Schroder Wagg and placed in the market at 707p by Hoare Govett and Savory Milln.

The shares, as expected, were taken up quickly, prospects are bullish for the composite insurance sector at present, and GA's share price closed 7p lower at 733p.

The market was somewhat surprised that GA financed the deal in this manner instead of out of its own cash resources or by a rights issue. Mr Ian Menzies, GA's group finance director, explains that Pilot was an investment best paid for by equity, but the amount involved was too small and the time too short for a rights issue.

The price represents a substantial premium over the assets of Pilot at C$85m (£43m), but the market considers the price about right for Pilot's current earnings. Premium income of Pilot is expected to reach C$152m in 1985, which would bring the combined premium income for GA in Canada to around C$400m.

Mr Menzies said that other acquisitions could follow in due course, in both the life and non-life fields, with North America, Europe and the Far East being the likely territories.

OPERATING RATIOS

	Pilot Insurance	General Accident Canadian business	Canadian insurance industry
1980	95.8	108.1	111.2
1981	95.3	116.3	115.6
1982	94.8	106.6	108.4
1983	97.2	108.6	104.5
1984	99.1	121.4	112.0
1985	100+†	118.0*	113.3*

* First nine months. † Estimated to be slightly in excess of 100.

Cope Allman–GKN deal

Cope Allman, the packaging, engineering and fruit machine group, is buying Firth Cleveland Steel Strip from Guest Keen and Nettlefolds for £3.8m.

Firth Cleveland is in the same business as the Cope subsidiary J. B. & S. Lees—the production of specialised steel strip used in wood and metal cutting tools—and they are located only a few miles apart in the West Midlands.

Cope said the cobination of the two would result in a stronger business with the ability to provide a complementary range of products worldwide.

The estimated net assets at December 31 of Firth Cleveland and its sales associate in the US, Firth Cleveland Steels, were about £3.9m. Their 1985 pre-tax profits totalled £900,000 on turnover of £9.8m, but GKN is not anticipating turnover or profits at these levels in 1986.

The acquisition comes amid speculation about the fate of Cope Allman, following a statement in November by Hawley Group that it might sell its 43 per cent holding in the company.

First Scottish American calls for £20m

The First Scottish American Trust is raising £20m via a placing of debenture stock 2016. This is to introduce long term gearing into the company and eliminate short term bank borrowings.

The money will be invested in UK equities, with the balance initially invested in gilts until it can be switched into equities without damaging dividend growth. The company is also reducing the overseas element of its portfolio.

The placing is being handled by Robert Fleming and has been priced at £99.745, with a redemption yield set 0.8 per cent higher than the yield on Treasury 13.5 per cent 2004-2008.

The issue is partly paid as to £25 on aceptance and the balance by March 7 1986. Interest will be paid on July 31 and January 31 each year.

Birmingham Mint

BIRMINGHAM MINT has acquired, through its subsidiary Electro-Precision Components, the businesses and certain assets of Wire Products and Machine Design Group and its subsidiaries. Value of assets being acquired is some £250,000.

RUSH & TOMPKINS has acquired 50 per cent of Newman Shopfitters (Cleveland), the largest fitting-out company in the north east and among the top 15 in the UK, for £375,000 cash. Rush has a five-year option to purchase the remaining shares. Newman's turnover is currently around £3m.

Harvard bids for United Computer

By David Goodhart

Harvard Securities, the licensed dealer in securities, has bid for the investment trust United Computer and Technology Holdings. The bid of 95p cash or three Harvard shares for each UCAT share values the company at about £2.8m on the share offer and £2.4m on the cash alternative.

Harvard now holds 29.9 per cent of UCAT but the investment trust's initial reaction has been hostile. Mr Tom Wilmot, chairman of Harvard, which is quoted on the over the counter market, stressed that the company would soon be indirectly quoted on the London Stock Exchange through its listing in the US.

Priest Marians plans dividend

Priest Marians Holdings, property investment company, is proposing to eliminate its unpaid preference dividends with a payment of 11.9p per share. It also plans to pay a special ordinary interim of 14p to shareholders on the register at the date of the completion of the proposed sale of its headquarters in Tonbridge, Kent.

Rental and investment income in the six months to the end of August 1985 were £32,420 (£32,549 for 12 months to February 28 1985). Pre-tax loss was £20,072 (£22,475 profit) and loss per £1 share 10p (9.25p earnings).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo Nordic	int	0.4	Feb 14	0.4	—	1.4
Carclo Engng	int	4	Feb 20	3.5	—	12
Ellis & Everard	int	2.5	Mar 10	2.27*	—	5.91*
F. H. Tomkins	int	1†	April 8	0.78	—	2.25
Investors in Industry	int	2.5	—	2.5	—	—

Dividends shown in pence per share except where otherwise stated

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock § Unquoted stock.

UK COMPANY NEWS

Guinness Peat recoups bid costs via share sale

BY DAVID LASCELLES, BANKING CORRESPONDENT

Guinness Peat Group yesterday sold part of its 29.9 per cent stake in Britannia Arrow to cover the costs of its unsuccessful 68-day takeover battle for the financial services group.

The company sold 6.6m shares, equivalent to 4.4 per cent of the stake, leaving it with 25.5 per cent. The price obtained was just under 137p. Britannia shares closed last night at 137p, down 1p on the day.

However, Guinness Peat also bought more Britannia convertible loan stock from London and Manchester, its ally in the takeover bid. If converted, the stock would give Guinness Peat 29.9 per cent of the enlarged Britannia equity.

Mr Alastair Morton, Guinness Peat's chief executive, said last night that the transactions had achieved three aims:

- to cover the underwriting costs incurred in the bid;
- to cancel Guinness Peat's cash exposure on its Britannia purchases. The common shares it now owns were all bought in exchange for Guinness Peat shares. The newly acquired convertible stock was bought in exchange for Guinness Peat convertible stock;
- to take profits on Britannia shares, most of which Guinness Peat bought for a few pence over 100p.

Mr Morton said he had not yet decided on his next steps. However, he had agreed to meet both Mr Michael Newman, Britannia's chief executive, and Mr Robert Maxwell, the publisher of Mirror Group Newspapers, who led a concert party which thwarted the bid.

Mr Maxwell revealed yesterday that his party had acquired further stock in Britannia, bringing its total holding to 29.4 per cent. This included 14.55 per cent held by Mr Maxwell and his Pergamon Press, and 10.76 per cent by MIM, the investment group headed by Mr David Stevens.

These acquisitions included stock acquired at 137p and 138p, the price which Britannia shares fell after the Guinness Peat bid failed. There was no further indication yesterday from the Maxwell group as to its intentions.

Anglo Nordic £0.45m in loss

THE LOSS envisaged for the opening six months at Anglo Nordic Holdings has materialised at £452,000.

Most operations performed close to, or even better than, planned but two of the group's larger operations experienced particularly and exceptional conditions.

H. W. Edghill Equipment absorbed considerable relocation and reorganisation costs and Auto Diesels suffered a major volume shortfall.

In addition, there were non-recurring costs in the region of £200,000 relating to the use of productivity consultants and exchange losses in excess of £250,000 on loans in Australia.

No account was taken of any losses at Braby Liverpool. The directors say the situation here has been resolved with the proposed closure of its main activity and the sale of the business for between £1.2m and £1.5m.

Braby Liverpool's losses for the six months to end-September 1985 were £332,000. It is pointed out that there will be further losses from that date until closure in addition to closure costs, including redundancy which the directors say is not yet possible to quantify.

Turnover for the opening half improved to £25.63m — the group's interests are in engineering and property. Loss per 5p share emerged at 2.35p but the interim dividend is being held at 0.4p net.

Higher costs push 3i profits down by £7.6m

Investors in Industry, the venture capital group, made £13.6m in pre-tax profits in the six months up to September 30. This was down from £21.2m in the same period last year.

The group, which is owned by the Bank of England and several clearing banks, attributed the decline to higher operating costs, mainly interest on borrowings, and lower profits from realisations. However, the group has realised substantially larger profits from buoyant market conditions in the third quarter of the year—about £20m.

The group emphasises that the nature of its business complicates year-to-year comparisons. 3i is engaged in financing new companies and providing capital for established ones. A good portion of its profits comes from realisations of its equity investments in other companies.

There was no indication yesterday as to the likelihood of a public flotation for 3i, which has been under consideration by its shareholders for over a year. 3i itself has been investigating the possibility of transforming itself into an investment trust, which it believes would be more suitable for its business.

The delay in settling its future is believed to stem from disagreement among its shareholders, whose decision must be unanimous.

Mr Don Clarke, the company's finance director, said the delay had not directly affected the operations of 3i.

RTZ oil deal wins backing of LASMO shareholders

BY DOMINIC LAWSON

AN EXTRAORDINARY general meeting of shareholders in LASMO, a leading UK oil explorer, has overwhelmingly approved a deal in which Rio Tinto-Zinc will give LASMO its 29.9 per cent holding in Enterprise Oil, in return for a 25 per cent stake in LASMO.

The proposal was announced on December 20, and there were stock market hopes that a bidder for LASMO would emerge in the hiatus before the EGM on January 6. That failure caused LASMO's share price to drop 20p to 215p yesterday. Under the terms of the deal RTZ is blocked from bidding for LASMO for two years unless a third party intervenes.

Mr Chris Greentree, LASMO's chief executive, who initiated talks that led to the deal, said yesterday: "We will want to sit down and have a chat with Enterprise soon."

LASMO has agreed to let two RTZ directors take seats on its board, and it seems likely that LASMO will as for similar representation on Enterprise's board. Mr Greentree said: "It is normal for someone with a near 30 per cent stake to have a seat on the board. I don't see why they should see us as unfriendly."

But Enterprise, which had refused RTZ seats on its board, is almost certain to treat LASMO with similar caution. Enterprise's view is that LASMO is a competitor which could gain undue commercial advantages from such an arrangement.

LASMO and Enterprise have had informal merger talks in the past, and LASMO may welcome further talks now it has the leverage of a major stake.

LASMO and RTZ have denied that they timed the deal to coincide with a holiday period, when it would be more difficult for an alternative bid to emerge.

BOARD MEETINGS

TODAY

Interims:—Blacks Leisure, Gilbert House Investments, Kakuzi, London Investment Trust, Pepe.

Finals:—A. G. Barr, Robert Horne, Winterbottom Energy Trust.

FUTURE DATES

Interims:—

Gnome Photographic Products	Jan 14
Park Food	Jan 14
Smith (W. H.)	Jan 29
Symonds Engineering	Jan 17
Wyko	Jan 15

Finals:—

Ashdown Investment Trust	Jan 8
Bullough	Feb 3
County Properties	Jan 15
First Leisure Corporation	Jan 21
Great Northern Telegraph	Mar 19
Hoggett Bowers	Jan 8
Raeburn Investment Trust	Jan 15
Standard Securities	Jan 15

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Total Net Assets (1) £ million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 29.11.85 (12) base=100
	as at close of business on Monday 16th December 1985					as at 29th November 1985 (Geographical Spread)					
	CAPITAL & INCOME GROWTH										
437	Alliance Trust	Independently managed	668	3.9	870	43	43	8	6	89	263
107	Bankers	Touche, Remnant	97	3.6	127	41	36	11	12	104	275
266	Border & Southern	John Govett	182	2.8	239	58	10	11	21	113	227
304	British Investment	Independently managed	367	5.7	482	54	28	17	1	85	237
76	Brunner	Kleinwort Benson	79	4.0	107	49	28	4	19□	96	238
89	Charter Trust & Agency	Kleinwort Benson	85	3.8	110	68	17	9	6	97	243
132	Continental & Industrial	Schroder Inv. Man.	665	4.3	767	63	30	2	5	98	224
521	Edinburgh Investment (w)	Dunedin Fund Managers	121	3.8	158	60	22	7	11	104	242
590	Foreign and Colonial	Foreign & Colonial	69	2.9	93	38	29	16	17	107	232
786	Globe	Electra House Group	298	4.9	398	66	24	7	3	105	245
299	Philip Hill	Philip Hill	272	5.1	309	75	23	–	2	93	224
9	Jos Holdings	Kleinwort Benson	133	3.8	151	80	10	3	7	98	266
42	Keystone	Warburg Inv. Man.	413	3.6	535	59	20	9	12	108	†
31●	London & Strathclyde	Gartmore	166	2.3	197	66	26	4	4	101	218
46●	Meldrum	Gartmore	200	3.6	229	86	10	4	–	97	278
105	Outwich	Baring Brothers	146	3.0	191	63	13	14	10	100	232
119	Raeburn	Lazard Brothers	380	2.9	483	57	30	8	5	95	222
87	River and Mercantile	River & Merc. Inv. Man.	146	5.4	178	54	35	7	4	95	259
42	River Plate & General (w)△	Tarbutt & Co.	219	4.9	269	77	14	–	9	96	213
32	S. & P. Ret. of Assets (w)△	Save & Prosper Group	97	4.6	133	81	19	–	–	152	†
406	Scottish Mortgage	Baillie, Gifford	402	2.7	531	49	23	17	11	98	276
210	Scottish National	Gartmore (Scotland)	250	2.8	306	57	25	10	8	97	224
144	Second Alliance	Independently managed	570	4.1	749	41	44	8	7	92	263
492	TR Industrial & General	Touche, Remnant	159	3.4	215	48	23	18	11	102	220
388	Witan (w)	Henderson	166	2.5	216	61	23	10	6	106	261
	United Kingdom										
12	City of Oxford	Hambros Bank	246	4.2	277	99	1	–	–	96	250
36	Fleming Claverhouse	Robert Fleming	200	4.3	261	100	–	–	–	100	271
47	Shires (w)	Stanecastle Assets	201	10.0	204	83□	12	1	4□	60	197
121	TR City of London	Touche, Remnant	98	5.7	118	91	9	–	–	102	266
96	Temple Bar	Guinness Mahon Inv. Man.	139	5.1	168	98	2	–	–	93	287
	CAPITAL GROWTH										
	General										
221	Anglo-American Securities	Morgan Grenfell	288	2.8	392	47	36	14	3	101	†
56	Ashdown	Schroder Inv. Man.	148	2.9	168	63	23	9	5	96	205
172	Atlantic Assets	Ivory & Sime	113	0.7	139	38	60	2	–	95	200
68	Electric & General	Henderson	288	1.8	374	52	31	10	7	101	251
25	Greenfriar (w)	Henderson	254	0.9	285	63	13	10	14	108	313
	International										
74	Berry	GT Management	163	0.9	206	49	23	9	19	107	255
112	English & New York	Kleinwort Benson	110	3.3	134	41	45	14	26	97	229
80	English & Scottish	Gartmore	77	2.4*	96	48	14	14	24	90	223
21	F & C Eurotrust	Foreign & Colonial	170	1.4	171	3	–	–	97	94	268
211	Fleming Overseas	Robert Fleming	110	3.3	154	7	53	15	25	96	225
94	Fleming Universal	Robert Fleming	312	2.3	414	14	53	14	19	99	218
63●	Gartmore Inform. & Fin. (w)	Gartmore	48	3.3	64	58	42	–	–	121	200
24	Group Investors (w)	C S Investments	243	2.5	298	51	43	–	4	95	251
124	Hambros (w)	Hambros Bank	167	3.7	217	52	38	4	6	110	210
186	Investors Capital Trust	Independently managed	247	2.2	292	37	35	16	11	96	205
17●	London & Gartmore	Gartmore	245	1.2	320	43	37	–	20	96	208
10	Mid Wynd International	Baillie, Gifford	160	1.9	185	21	35	15	29	98	†
165	Monks	Baillie, Gifford	162	2.1	211	31	27	26	16	95	235
84	Murray Smaller Markets	Murray Johnstone	212	1.8*	264	20	8□	15	57	102	257
10	Nordic△	GT Management	54	–	61	6□	–	–	94	106	†
67	North Atlantic Securities△	Morgan Grenfell	290	1.7	346	1	55	32	12	106	†
130	Northern American	Dunedin Fund Managers	272	2.8	367	22	32	21	25	100	231
30	Northern Securities	GT Management	168	1.9	213	64	20	1	15	115	226
102	Romney	Lazard Brothers	280	2.4	343	33	36	15	16	106	223
272	Scottish Eastern	Martin Currie Inv. Man.	90	2.2	122	55	21	13	11	98	226
360	Scottish Investment Trust	Independently managed	312	2.7	376	39	35	12	14	102	221
75	Trans-Oceanic	Schroder Inv. Man.	160	3.4	206	43	35	12	10	95	200
79	Tribune	Baring Brothers	114	2.9	153	47	34	15	14	93	257
221	U.S. Debenture Corp.	GT Management	225	4.1	282	60	23	8	9	108	250
	North America										
136	American	Edinburgh Fund Mgrs.	133	3.2*	162	27	73	–	–	99	196
144	Edinburgh Amer. Assets	Ivory & Sime	103	0.6	135	26□	67	2	5	113	240
130	Fleming American	Robert Fleming	486	1.5	614	2	98	–	–	96	211
31	Gartmore American Secs.	Gartmore	115	1.5	153	27	57	7	9	101	258
148	Stockholders	John Govett	130	3.1	166	33	73	–	1	93	171
88	TR North America	Touche, Remnant	90	2.9	116	8	92	–	–	107	223
	Far East										
26	Drayton Far Eastern (w)	MIM	135	1.2	160	1□	–	68	31	97	200
100	F & C Pacific (w)	Foreign & Colonial	143	1.2	186	10	25	38	27	104	189
177	Fleming Far Eastern	Robert Fleming	87	1.7	115	2	–	72	26	95	227
188	Lake View	John Govett	143	1.5	183	18□	3□	57□	22□	103	211
5	New Australia△	Edinburgh Fund Mgrs.	81	2.6	96	19	–	–	81	81	†
13	Pacific Assets (w)	Ivory & Sime	67	–	80	35□	–	–	65	74	†
53	Pacific Investment (w)△	Thornton & Co.	80	0.6	105	10	–	60	30	99	†
30	TR Australia (w)	Touche, Remnant	86	3.6	101	16	–	–	84	81	181
117	TR Pacific Basin (w)	Touche, Remnant	122	1.2	161	5	–	74	21	97	256
	Japan										
35	Baillie Gifford Japan (w)△	Baillie, Gifford	267	0.3	324	–	–	100	–	88	†
23	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	47	–	58	–	–	100□	–	72	†
65	Crescent Japan	Edinburgh Fund Mgrs.	151	0.8	183	–	–	100	–	94	389
146	Drayton Japan	MIM	430	0.7	540	3□	–	93	1	93	241
95	Fleming Japanese	Robert Fleming	471	1.2	612	3	3	97	–	91	271
55	GT Japan	GT Management	125	1.6	158	9□	3	84	4	103	334
50	Japan Assets (w)	Ivory & Sime	46	0.2	50	1	–	99	–	88	†
51	New Tokyo (w)	Edinburgh Fund Mgrs.	186	0.7	239	–	–	100	–	93	†
	Commodities & Energy										
6●	City & Foreign	MIM	108	–	149	15	85	–	–	96	186
8	New Darien (w)	Hodgson Martin	67	0.7	77	36	57	–	7	85	†
15	Precious Metals△	J. Rothschild	107	0.7	129	10□	55	1	34	86	†
95	TR Natural Resources	Touche, Remnant	202	3.3	285	43	25	–	32	87	151
38	Viking Resources	Ivory & Sime	59	2.9	89	51	49	–	–	102	78

Total Net Assets (1) £ million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 29.11.85 (12) base=100
	as at close of business on Monday 16th December 1985					as at 29th November 1985 (Geographical Spread)					
	Comm. & Energy (cont.)										
13	Wemyss	Edinburgh Fund Mgrs.	505	6.2	587	49	29	–	22	88	146
26	Winterbottom Energy	Baillie, Gifford	85	1.2	105	9	55□	15	21	75	127
	Technology										
10	Baillie Gifford Tech. (w)	Baillie, Gifford	73	1.7	93	52□	45	–	3	56	†
76	Fleming Technology	Robert Fleming	140	2.3	191	44	34	18	4	97	208
90	Independent	Ivory & Sime	266	0.3	320	38	59	–	3	96	†
306	TR Technology	Touche, Remnant	93	2.6	128	43	39	14	4	100	228
	INCOME GROWTH										
301	British Assets	Ivory & Sime	219	5.0	291	58	39	–	3	103	254
180	Drayton Premier	MIM	510	4.3	570	70	20	8	2	93	206
113	First Scottish American	Dunedin Fund Managers	292	4.4	355	86	9	4	1	108	271
61	General Consolidated △	Philip Hill	285	5.0	326	69	28	–	3	88	255
29	Lowland	Henderson	116	3.4	110	89	5	–	6	102	416
137	Merchants	Kleinwort Benson	104	5.2	132	62	26	4	8	88	223
141	Murray Income	Murray Johnstone	132	5.9*	152	79	11□	–	10	101	291
235	Murray International	Murray Johnstone	142	4.5*	180	48	36□	9	7	90	256
157	Securities Trust of Scotland	Martin Currie Inv. Man.	136	5.0	175	59	25	11	5	107	260
	SMALLER COMPANIES										
42	English & International (w)	MIM	138	3.6	167	63	25	8	4	112	224
60	F & C Alliance	Foreign & Colonial	90	2.7	115	48	28	14	10	103	221
13	Family	Kleinwort Benson	243	4.3	290	97	2	–	1	98	285
8	First Charlotte	Ivory & Sime	10	0.7	11	96	1	3	–	97	†
18	Fleming Fledgeling	Robert Fleming	111	3.2	139	73	24	3	–	94	227
28	General Stockholders	John Govett	144	3.1	190	49	48	2	1	103	163
54	Glasgow Stockholders	Gartmore (Scotland)	114	2.7	139	50	35	4	11	99	208
27	London Atlantic	Investors in Industry	172	5.1	223	71	16	–	13	96	236
18	Moorgate	Philip Hill	334	5.6	376	94	1	–	5	93	311
17	North British Canadian	Investors in Industry	204	4.4	259	92	6	–	2	103	263
52	St Andrew	Martin Currie Inv. Man.	117	3.4	151	58	26	12	4	93	250
193	Scottish American	Stewart, Ivory	280	3.0	345	49	34	10	7	97	220
34	Smaller Companies Int.	Edinburgh Fund Mgrs.	68	2.5	87	51	28	21	–	96	251
15	Strata Investments (w) △	Henderson	99	–	100	54	16	13	17	54	†
190	TR Trustees Corp.	Touche, Remnant	146	3.7	194	67	26	6	1	110	221
201	Throgmorton (w)	Throgmorton Inv. Man.	249	4.3	308	88	10	1	1	113	†
	SPECIAL FEATURES										
61	Ailsa △	J. Rothschild	97	2.7	119	46	28	15□	11	95	†
12●	Consolidated Venture (w)	MIM	102	1.2	135	14□	86	–	–	82	210
139●	Drayton Consolidated	MIM	317	4.5	401	71	21	5	3	93	187
19	Edinburgh Financial (w)	Stanecastle Assets	40	3.2	44	86□	7	4	3	121	†
35●	Fleming Enterprise	Robert Fleming	293	4.1	354	99	1	–	–	93	282
250	Fleming Mercantile	Robert Fleming	129	3.3	164	57	27	8	8	96	222
20	GT Global Recovery △	GT Management	129	2.2	154	73	17	–	10	114	†
205	Murray Growth		113	1.8*	134	44	38□	10	8	89	†
41	Murray Ventures (w)	Murray Johnstone	333	2.4	394	71□	10	6	13	91	247
78	Nineteen Twenty-Eight △	London & Manchester	168	3.0	208	95	5	–	–	96	213
8●	Stewart Enterprise (w)	Stewart, Ivory	38	1.5	49	60	27	9	4	96	†
90	TR Property	Touche, Remnant	147	3.6	187	69	17	6	8	98	203
	SPLIT CAPITAL (x)										
22	Altifund 86/88	Gartmore	520	0.1	618	98	2	–	–	91	271
2	Child Health 87	Thornton & Co.	300	–	349	54	7	19	20	98	221
38	City & Commercial 88/93	MIM	630	–	912	88	5	6	1	112	261
32	Dualvest 85/87	MIM	1180	–	1365	91	8	1	–	108	236
30	Fundinvest 85/90	MIM	320	–	417	84	8	7	1	109	243
2	Marine Adventure 88	Thornton & Co.	180	–	231	50	7	20	23	99	†
37	New Throg. (1983)(w) 98	Throgmorton Inv. Man.	37	–	116	100	–	–	–	152	†
33	S. & P. Linked 95/97	Save & Prosper Group	336	–	584	100	–	–	–	118	346
20	Throg. Secured Growth –	Throgmorton Inv. Man.	310	–	394	100	–	–	–	68	215
83	Triplevest 87/91	MIM	780	–	1148	89	10	1	–	112	223

NOTES TO THE TABLE

- † No data.
- * Applies to Ordinary/"A" Ordinary only.
- □ More than one quarter in non-equity investments.
- (x) Capital shares and winding-up dates.
- z Incorporates recent revaluation of unlisted investments.
- ac Adjusted for scrip issue.
- ar Adjusted for rights issue.
- (q) Published quarterly.
- (w) Company has warrants or options in issue.
- ● More than 20% in securities or other assets included at directors' valuation.
- △ The Trust has provisions for a limited life. Please refer to the company for further information.
- ø Figures not directly comparable with previous month.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'More for your money.'

AITC Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	231
F.T. – Actuaries All-Share	271
* Standard & Poors Composite	271
* Tokyo New Stock Exchange	363
* Capital International World	278

+ Excludes split capital.
* Adjusted for exchange rate changes.

UK COMPANY NEWS

Ellis & Everard purchases likely

Ellis and Everard, the Bradford-based chemical merchant and processor, yesterday reported a modest 5 per cent rise in profits for the first half of 1985/86, but Mr Simon Everard, the chairman, held out the prospect of better times to come, possibly helped by acquisitions.

Announcing taxable profits of £1.97m against a comparable £1.87m for the period to October 31, Mr Everard said that the group was discussing two possible acquisitions, one in the UK and one in the US. Neither had yet reached heads of agreement stage, but if achieved on the right terms they would contribute to a higher rate of profits growth in 1986.

"I hope that this time next year we will be looking at rather more exciting things than we are today," the chairman added.

The half witnessed a decline in margins, with operating profits ahead by only £0.18m at £2.04m on turnover 25 per cent up at £47.61m. US sales totalled $30.25m (£21m), with external UK sales amounting to £26.62m.

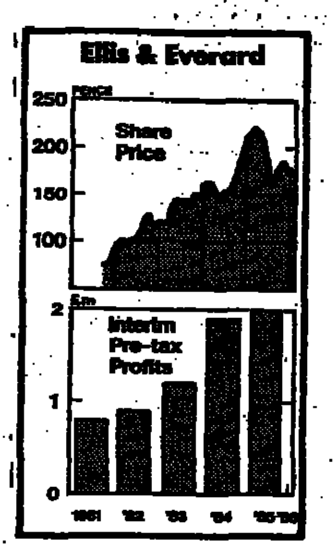
Mr Everard considered that the performance was "particularly creditable in view of the greatly increased insurance premiums in the US and the cost of implementing our accelerated programme of container renewals in the UK."

As has been the case in the last five years, the interim dividend is 2.5p (2.27p adjusted) on capital increased by the usual one-for-ten scrip. Earnings came to 6.8p, against an adjusted 6.4p.

There was an interest charge of £73,000 for the half against a £11,000 credit. Tax at £824,000 (£820,000) left net profits at £1.14m (£1.05m).

Minorities took £27,000 (£41,000), but the current year's accounts will be the last to show a charge for minorities — AICC, the US subsidiary currently 80 per cent owned, will be taken into full ownership in May and will be subject to Ellis's management practices.

Total dividends for the half year amount to £411,000 against £374,000, leaving retained profits at £704,000 (£637,000). Mr Everard said that the group was in a strong position and had access to "more than adequate funds" to support continued growth.



● comment

Ellis & Everard's first-half profits growth was hardly impressive, but the market is happy to accept this as a year of consolidation for the group and nudged the share price up 2p to 178p. A number of factors have combined to delay swifter progress. In the US, a hardening of insurance rates in the wake of the Bhopal disaster has added $225,000 to premium costs, and in the UK £150,000 has been spent on the accelerated continer replacement programme. On the trading front, AICC and fine chemicals have both suffered declines in margins: AICC through increased competition resulting from a slowdown in the rate of growth of its markets, and fine chemicals through having bought raw materials at unfavourable exchange rates. With £4m probably still within reach for the full year, the shares are on a prospective p/e ratio of 13 after a 41 per cent tax charge. At that level the rating is looking ahead to next year, when further acquisitions, stronger management controls at AICC, and a substantially improved performance from Prillaman should bring another upward blip in the growth path.

Espley break-up nears completion

By Michael Cassell, Property Correspondent

THE remaining major assets of Espley Trust, the property group which went into receivership in April 1985, have been sold for over £7.5m.

The joint receivers, Mr Ian Watt and Mr Nigel Luckett, of KMG Thomson McLintock, announced yesterday that they had completed the sale of properties in Swindon and Wakefield, and the disposal of Howard Tenens Engines, the engineering subsidiary.

The receivers said that they still had further sales to conclude, but they thought it unlikely that any substantial distribution would be made to unsecured creditors of any of the group companies. A final decision would, however, be a matter for the respective company's liquidators.

Espley was originally run by Mr Ron Shuck, who was sacked as managing director by his fellow directors in 1984. Following his dismissal, the Espley board said that it intended to start legal proceedings against "Mr Shuck and others," arising out of land purchases made by Espley in Scotland

● Standard Securities, the property investment and development group, has exchanged contracts to grant an overriding leasehold interest for 917 years in its property at 35 Great Smith Street, Westminster, to the Association of Metropolitan Authorities (Properties).

Upon completion, Standard will receive £7.5m in cash for the new lease and an annual rent of £3,000. Net rent being received by Standard before the sale was agreed was £440,900 a year.

Mr Ronald Strutt, managing director of Standard Securities, commented: "The funds generated by the sale will in the short term be used to reduce company indebtedness but will soon be absorbed by new acquisitions now being negotiated and the cost of funding developments currently being undertaken."

Johnson Matthey reduces its debt

Johnson Matthey has completed, three months ahead of time, the amortisation due on March 3 1986 under its medium-term financing agreement, and has achieved an overall reduction of US$67.5m (£47.1m) under these facilities since the agreement was signed in August 1985.

On December 27 1985, the company prepaid $17.5m of the drawings under the MTFA, bringing the total prepaid and cancelled to $37.5m.

The MTFA originally consisted of a term loan facility of $262.5m and a working capital facility of $125m, under which there have been no significant drawings.

Acorn sells leasing offshoot

Acorn Computer Group has sold the assets of its leasing company, Acorn Leasing, to Eastern Counties Newspapers Group, the Norwich-based publisher of the East Anglian Daily Times, resulting in a net cash outflow of £59,000.

Eastern is paying £6.45m, excluding VAT, the proceeds being used to repay the borrowings of £6.39m, secured on the assets and leases being disposed of, and to meet the costs associated with the sale.

The board of the one-time high-flier on the USM said that as a result of a review of the group's subsidiaries which were not seen as essential to the core of business it was decided to dispose of the assets and assign to the purchaser the related finance leases.

During last year Acorn Computer, had to be rescued twice from financial crises by its backers and creditors. Olivetti, the Italian office products group, now holds a stake of about 80 per cent.

Acorn Leasing is a wholly-owned leasing company which entered into a series of finance leases for periods of between 1½ years and 7 years financed by fixed rate bank loans secured on its assets, subject to lease.

The assets disposed of consist of a wide variety of plant, equipment and commercial vehicles.

Over the primary period of the leases ending June 30 1991 the expected pre-tax losses were about £500,000.

Deferred tax provisions of £2.2m, no longer required, can be written back into reserves. Tax losses available for carry forward, however, will be cut by about £4.3m to £10.7m.

The sale will result in an extraordinary loss in the six months to the end of December 1985 of about £500,000.

Group net tangible assets will be increased by some £1.7m after the writeback of the tax provisions.

Carclo 26% ahead midway at £1.76m

GROWTH HAS continued at the Carclo Engineering Group. In the six months ended September 30 1985 the pre-tax profit has advanced by 26 per cent, from £1.4m to £1.76m.

Mr John Ewart, chairman, attributes this to a good performance from the UK card clothing and wire businesses and an improvement from the European card clothing side. The general engineering business in the UK also showed improvement.

Current order book position is satisfactory, he reports, but it is not at the equivalent high level reached at this time last year.

The interim dividend is lifted from 3.5p to 4p net per share, and it is intended to recommend at least maintenance of the 8.5p final. For the year ended March 31 1985 the pre-tax profit came to £3.6m (£2.9m).

In the half, turnover amounted to £17.36m, compared with £17.65m last time which included £2.6m relating to the Indian subsidiary, disposed of last February. Operating income moved up by £334,000 to £1.93m; other income was higher at £363,000 (£185,000), but this benefit was to some extent offset by an increase in interest charges from £368,000 to £537,000.

FT COMMERCIAL LAW REPORTS

Digest of Michaelmas Term cases

FROM OCTOBER 15 TO NOVEMBER 5, 1985

Drexel Burnham Lambert International NV v Nasr and Another (FT, October 15)

In the "man-made jungle of the commodity market," a broker owed his client a duty to exercise reasonable skill in carrying out his instructions, said Mr Justice Staughton. His duty did not extent to ensuring that his client was protected from losses. Moreover, there was no binding practice in the commodity market of implying a term in the contract between client and broker that where the broker threatened to close the client's position for failure to pay a deposit on future purchase or sale, he must close or must inform the client if he did not intend to close.

*

Aiden Shipping Co Ltd v Interbulk Ltd (FT, October 16).

When refusing applications for further remissions of arbitration awards in a head charterparty and a sub-charter, Mr Justice Hirst ordered the owners to pay the costs of both applications because they had sought to widen the scope of the remission in the head charter arbitration. In allowing the owners' appeal that the court had no jurisdiction to make such an order under section 51 of the Supreme Court Act 1981, Sir John Donaldson, MR, said that although the owners, the chartereres and the sub-charterers had agreed that it was sensible for the proceedings to be heard together, the actions were not to be considered as consolidated with regard to costs, as the parties were separately represented in each case and their interests were not identical.

*

Coulon Sanderson & Ward Ltd v Ward (FT, October 18)

When Mr Ward resigned from his directorship, he presented a petition for the company's winding-up under section 222 of the Companies Act 1948 on the ground that he had been forced to leave because of his fellow-director's expulsive conduct. The company obtained two orders granting an injunction restraining Mr Ward from presenting the petition until trial of the company's action against him. In allowing Mr Ward's appeal, the Court of Appeal held that an injunction should be granted only where a company had established a prima facie case that the petition would have no prospect of success. However, on the evidence, Mr Ward might have a substantially arguable case for relief by way of winding-up.

*

Commissioners of Inland Revenue v Bowater Property Developments Ltd. (FT, October 22)

While negotiating the sale of land to Milton Pipes, Bowater contracted to sell the land to five of its own companies to avoid development land tax. These sales went ahead while negotiations with Milton Pipes fell through. Later, Milton bought the land from the five companies. Mr Justice Warner held that although the courts were compelled to look at a tax avoidance scheme as a whole, the sale to Milton was not prearranged when the first transaction within the Bowater Group was carried out. Thus it was not a taxable transaction within the tax avoidance principles.

*

Arab Maritime Petroleum Transport Company v Lexon Trading Corporation and Another (FT, October 23).

In a dispute over a warranty in a charterparty that a ship could maintain a speed of "about" 15.5 knots, at a certain fuel consumption, Mr Justice Anthony Evans upheld the owner's contention that a contracting party was not to be held liable in damage for failing to achieve more than the minimum obligation which he contracted to undertake. "About" allowed for some margin below and, if relevant, above the stated figure of 15.5 knots. The size of that margin depended on the facts in any particular case.

*

Re Palmer Marine Surveys Ltd (FT, October 25)

Mr Justice Hoffmann held that, in exercising its discretion to order the compulsory winding up of a company after a voluntary winding up had already commenced, the court could take account of the following factors: (1) the court had counted the debts to see whether the majority of the creditors in value wished to override the voluntary winding-up; (2) independent creditors would otherwise be left with a legitimate sense of grievance; (3) the company's affairs ought to be investigated by an independent liquidator where creditors suspected an improper transfer of company assets even though the integrity of the liquidator, appointed under the voluntary winding-up was not in doubt.

*

Janred Properties Ltd v Ente Nazionale Italiano per il Turismo (FT, October 29)

In answering the question to what extent, if at all, delay was a factor in applying for an order for security for costs under section 726 of the Companies Act 1985, Lord Justice Nourse stated that it could always be taken into account by the court in the exercise of its discretion and could sometimes be treated as of importance. That was particularly so where delay might have led the plaintiff to act to his detriment or cause him hardship in the action. Delay in putting forward a primary defence so as to cause stress, could affect the court's view of the merits of an application for security for costs.

*

Re Arctic Engineering Ltd (FT, October 30)

Mr Justice Hoffmann stated that the offence of "persistent default" in making returns to the Registrar of Companies under section 29 of the Companies Act 1985 could be committed by a liquidator even if there were no conviction or enforcement order against him. Although the Act did not state what degree of continuance or repetition was necessary, other than laying down a conclusive presumption in the event of three convictions or enforcement orders over five years, "persistently" connoted some degree of continuance or repetition. The liquidator, an experienced accountant, had been in default in relation to 35 returns in 34 liquidations, which was amply sufficient for a breach under the Act.

*

Greater London Council v Secretary of State for Transport (FT, November 1)

The GLC, which had the duty under section 122 of the Road Traffic Act 1984 to secure the proper movement of traffic having regard to the amenities of the localities involved, decided to restrict the flow of heavy lorries within its area. Because the GLC failed to hold a public inquiry under its statutory powers, the Secretary of State for Transport sought to prevent the restrictions from coming into operation. The Court of Appeal held that on a proper construction of the Act as a whole, the decision not to hold an inquiry did not constitute a failure on the GLC's part to discharge its duty.

*

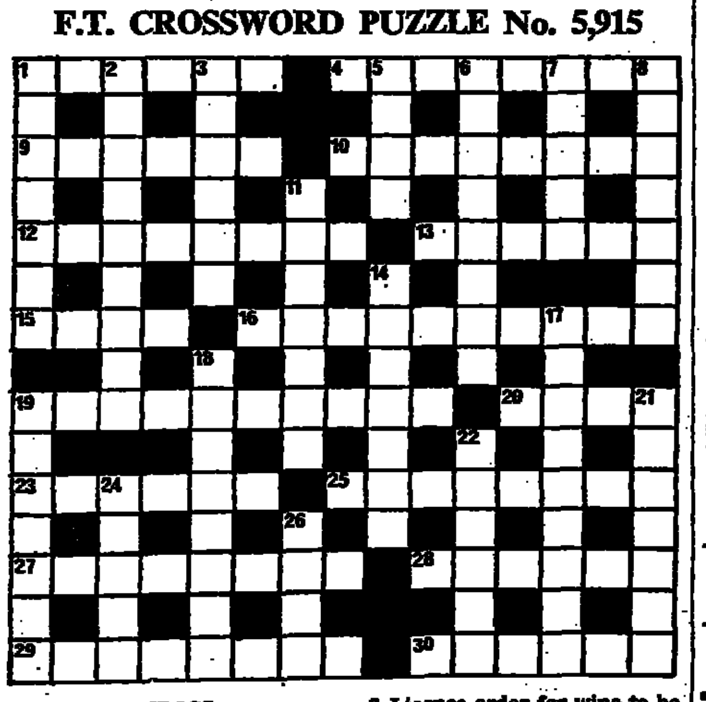
Amstrad Consumer Electronics plc v The British Phonograph Industry Ltd (FT, Noverber 5)

Amstrad manufactured and advertised cassette decks which could record "from any source and make copies of the tapes in in half the time." The Court of Appeal held that mere knowledge on the part of the supplier that its equipment would probably be used to infringe someone's copyright did not make the supply unlawful or "authorise" any infringement by the purchasers. Amstrad was not liable in negligence for the pure economic loss of the copyright owners. However, the court refused to grant a declaration that the manufacture and marketing involved was lawful because Amstrad might be committing the criminal offence of "inciting" a breach of copyright contrary to section 21 of the Copyright Act 1956.

This digest will continue in tomorrow's paper and be concluded on Friday.

By Aviva Golden

F.T. CROSSWORD PUZZLE No. 5,915



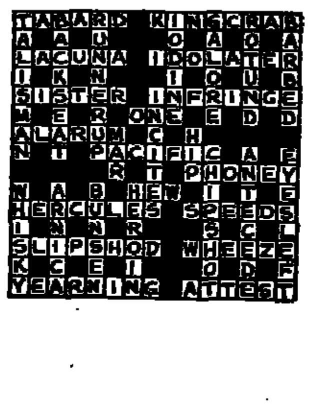
ACROSS

1 Part of Orinoco coracle coming back in flamboyant style (6)
4 For staged exit (downwards)? (4-4)
9 Barker good at retrieving the game (3, 3)
10 Twelfth man supported interest but caved in (8)
12 Not one of us—not a favourite (8)
13 Scattered spears thrown at random (6)
15 One of the brass has border reversed (4)
16 Goes round accompanying DJ (10)
19 Lodging appointment taken in by Frenchman (4-1-5)
20 Led one out i.e. on strike (4)
23 Story with no beginning can be worked on (6)
25 Violent set freed, turned nasty (8)
27 Vessel—neat by the Islands (8)
28 Old English mint chewed at the appropriate moment (2, 4)
29 Eccentric sort of crank (8)
30 Hides certain position in the field (6)

DOWN

1 Will this weed grow wildly in desert? (7)
2 Painter of some force (9)
3 Musician with feature about short work (6)
5 Part of trout stream is a noisy rabble (4)
6 Licence order for wine to be handed over (8)
7 Speaker's calling (5)
8 He'd possibly read about Ginger (7)
11 Action without fuss mainly prevented explosion (7)
14 North Eastern transport arises to make livelier (7)
17 Mend English ruin in despair. Sabotage? (9)
18 Public meeting - place to designate for sign of authenticity (8)
19 Descriptive of certain money or surgery? (7)
21 Interminable "S" always will do! (7)
22 Overcharge circle for strong beer (6)
24 Lady showing up in Latin-America (5)
26 Ring heads of Heathrow Airport (London), occasionally (4)

Solution to Puzzle No. 5,914



Company Notices

Clubs

Personal

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd

Pearl Trust Managers Ltd (a)(g)

Perpetual Unit Trust Mngmt. (a)

Prolific Unit Trusts

Providence Capital Fd. Mgrs. Ltd

Provident Mutual Unit Trust Managers Ltd.

Prudential Unit Trust Mngrs Ltd (a) (b) (c)

Quilter Management Co Ltd

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd

Ridgefield Management Ltd

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt. (a)

Royal Life Fd. Mgmt. Ltd

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd

Scottish Equitable Fund Mgrs. Ltd

Scottish Life Investments

Scottish Mutual Investment Managers Ltd

Scottish Provident Inv. Mgt. Ltd

Scottish Unit Managers

Scottish Widows' Fund Management

Sentinel Funds Management Ltd

Standard Life Trust Mngmt. Ltd

Stewart Ivory Unit Trust Mgrs Ltd (a)

Sun Alliance Fund Management Ltd

Sun Life Trust Mngmt. Ltd

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)

TSB Unit Trusts (b) (c) (y)

3i Unit Trust Managers Ltd

Target Trust Mngrs. Ltd (a)(g)

Touche, Remnant Unit Trust Mngt Ltd

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co. (y)

Tyndall Managers Ltd(a)(b)(c)

UK Provident Unit Trust Managers Ltd

Unit Trust Account & Mgmt. Ltd

Vanguard Trust Managers Ltd

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (g)

WestAvon Unit Trust Managers Ltd(a)(c)

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Aetna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031 225 8484				
Full Service Car Acc	11.00	8.00	11.79	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.00	8.25	12.11	Qtr
Mth Int Chq	11.000	8.25	12.18	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	11.50	8.60	12.78	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	11.00	8.22	12.20	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.00	8.25	12.3	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD. 01-588 2777				
Cater Allen	10.75	8.04	11.91	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.53	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Money Market Plus	—	9.11	13.57	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.33	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	11.00	8.22	12.11	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	11.50	8.59	12.70	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.00	8.22	12.20	Mth
Legal & General (Money Mngrs) Ltd 356 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc	11.64	8.70	12.70	6-mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.25	8.25	12.16	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.00	8.22	12.23	Daily
Midland Bank plc PO Box 2, Sheffield, 0742 20999 Ext 8655				
High Int Chq Acc	10.70	8.00	11.92	Qtr
£10,000 +	11.10	8.30	12.39	Qtr
Oppenheimer Money Mgmnt Ltd 66, Cannon St, EC4N 6AE. 01-236 1425				
Money Mngt. Acct.	10.875	8.22	—	3-Mth
Phillips & Drew Trust Ltd 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc	11.00	8.22	—	Qtr
Provincial Trust 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
High Int Chq Acc	11.50	8.60	12.79	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.22	12.11	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
N.I.B.A.	10.83	8.10	12.05	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc.	11.22	8.39	12.36	Qtr
Money Acc.	11.03	8.25	12.15	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	10.75	8.04	11.91	Mth
Over £10,000	11.0	8.22	12.20	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 5SE 0752 24141				
High Int Chq Acc	11.63	8.69	12.83	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price ¶ Guernsey gross. # Suspended ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to chartiable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p	Marks & Spencer	13
Allied-Lyons	28	Midland Bk	35
BAT	26	NEI	10
BOC Grp	27	Nat West Bk	55
BSR	8	P & O Dfd	35
BTR	33	Plessey	14
Babcock	13	Polly Peck	21
Barclays	33	Racal Elect.	15
Beecham	30	RHM	12
Blue Circle	50	Rank Org Ord	35
Boots	18	Reed Intnl	60
Bowaters	30	Sears	11
Brit Aerospace	32	TI	35
Brit. Telecom	17	Tesco	24
Brown (J.)	3½	Thorn EMI	34
Burton Ord	45	Trust Houses	12
Cadburys	13	Turner Newall	9½
Charter Cons	18	Unilever	90
Comm Union	23	Vickers	35
Courtaulds	13	**Property**	
Distillers	36	Brit Land	14
FNFC	12	Land Secs	26
Gen Accident	55	MEPC	26
Gen Electric	14	Peachey	24
Glaxo	100	Samuel Props	15
Grand Met	30	**Oils**	
GUS 'A'	70	Brist. Oil & Min.	3½
Guardian	60	Brit Petroleum	45
GKN	20	Burmah Oil	27
Hanson Tst.	18	Charterhall	4
Hawker Sidd	36	Premier	5
ICI	42	Shell	55
'Imps'	16	Tricentrol	18
Jaguar	27	Ultramar	18
Ladbroke	27	**Mines**	
Legal & Gen	60	Cons Gold	40
Lex Service	24	Lonrho	12
Lloyds Bank	35	Rio T Zinc	50
Lucas Inds	38		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Colombian aluminium smelter plan shelved

By Canute James in Kingston

A TWO-YEAR old plan by Jamaica and Colombia to build and operate an aluminium smelter has fallen through, according to Jamaican industry officials.

The agreement had proposed the establishment of a 140,000 tonnes a year refinery, to be owned by both governments and sited in Colombia. It was to be fired by local coal, processing 218,000 tonnes of Jamaican alumina per year.

Dr Carlton Davis, executive director of the Jamaican Bauxite Institute, is reported here as saying that despite Jamaica's "anxiety" to get the project underway, the Colombians had apparently lost interest, and the agreement was now on the "back burner."

He said the furthest the implementation of the pact had reached was an examination of a smelter in Alabama owned by the Revere company, with a view of purchasing it and re-assembling it in Colombia.

● TEA PRICES were firm at yesterday's weekly London auction, reflecting what the Tea Brokers' Association described as "strong and general" demand. Medium grade offerings averaged 135p a kilo, up 5p from the previous sale, while low medium grade gained 3p to 96p a kilo. Quality grade was unchanged at 175p a kilo (nominal).

Steady trading prevailed at yesterday's regular Colombo tea auction in Sri Lanka despite reports last week that some tea shipments had been poisoned by Tamil guerrillas, local traders said, reports Reuter.

India's Calcutta Telegraph reported on Friday that guerrillas fighting for a separate Tamil state had put arsenic in tea bound for the US.

"Every precautionary measure is being taken to monitor all exports," said the Plantation Industries Minister.

● DUTCH RETAIL Coffee prices will rise 0.30 to 0.35 guilders per 250 gramme pack for the most widely sold brands from January 8, the Dutch Coffee Roasters Association said yesterday, reports Reuters from Amsterdam.

The increases follow strength on the world coffee market which has been only partially offset by the lower dollar, it said.

Tin market rescue plan to be discussed today

BY STEFAN WAGSTYL

MR Ralph Kestenbaum and Mr Peter Graham, proposers of the latest plan to rescue the tin market, intend to discuss their proposals today with delegation heads of the International Tin Council.

Mr Kestenbaum, joint managing director of Gerald Metals, a London Metal Exchange trader, and Mr Graham, deputy chairman of Standard Chartered Bank, are hoping to hold talks after meeting delegation heads this morning.

Mr Kestenbaum said that he had heard nothing negative about the plans which were put forward before Christmas to resolve the crisis which arose when the ITC ran out of money owing hundreds of millions of pounds to metal brokers and banks.

Mr Kestenbaum said the plan — for setting up a new company to take over the tin council's assets and liabilities — met the needs of everybody involved.

There were signs that the idea could prove acceptable to those tin council members which so far have blocked efforts to start negotiations — notably West Germany, the Netherlands and France. Officials in Bonn said yesterday that they were glad that the plans had been put forward and that

But officials doubted whether the tin council could meet the deadlines set by Mr Kestenbaum and Mr Graham — they want the ITC to reach a preliminary agreement at its next full session next Tuesday and a deal to be finalised by the end of next week.

The attitude of West Germany and of other major tin consuming countries is crucial since tin producing countries have already indicated their interest in the proposals. The UK Government has pressed all along for a settlement.

The Kestenbaum - Graham scheme envisages forming a company with £270m of equity capital — £200m from the ITC's 22 members, and £70m from the creditor brokers and bankers. This assumes that the ITC's tin can be sold over three years at a price of £6,000 a tonne or more, compared with the £8,140 suspension price.

The stock run-down would be funded by a bridging loan from Standard Chartered Bank, guaranteed in part by a £50m guarantee from the British Government. Any further losses would be met by commercial banks. The Department of Trade and Industry has made no comment on the proposals, but officials have discussed the plan with Mr Kestenbaum and Mr Graham.

Meanwhile, on the LME tin stocks rose 3,940 tonnes to a record 61,920 tonnes as ITC creditor banks moved tin held as collateral into official warehouses, placing it "on warrant" to improve its marketability if it had to be sold.

LME figures published yesterday also revealed the extent to which business declined in 1985. In copper, turnover was some 4.5 per cent down on 1984 in higher grade metal, in aluminium it was nearly 17 per cent lower.

The declines in other metals were even greater—Standard grade zinc was down 25 per cent, silver 61 per cent, lead, 40 per cent and nickel nearly 48 per cent. In tin, where trading has been suspended since October 24, trade in standard grade metal was 34 per cent lower, in the less active high grade market it was down 66 per cent.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending last Friday)

	(tonnes)	
Aluminium	−400	to 222,350
Copper	+1,775	to 189,725
Lead	+1,350	to 62,625
Nickel	+372	to 4,816
Tin	+3,940	to 61,920
Zinc	−650	to 31,225
	(ounces)	
Silver	+20,000	to 50,972,000

US self-regulation body backed

BY NANCY DUNNE IN WASHINGTON

SELF-REGULATION is playing an increasing role in the US futures industry and has saved the US Government substantial amounts of money over the last two years, according to a study by the Commodity Futures Trading Commission.

The report — produced for Congress as it considers re-authorising the CFTC later this year—says that the National Futures Association, the industry's private sector regulator, saved the Administration about $3.5m in the last two fiscal years by performing functions that were once the Commission's sole preserve.

The Commission, which spends increasing amounts of its resources monitoring exchange and NFA regulation, gave the fledgling association a generally good review. "The emergence of NFA has been one of the components in a dramatic improvement in the scope and quality of futures industry regulation over the past five years," the report said.

The NFA has grown considerably over the past three years, and some observers say its budget and staff will surpass that of the CFTC sometime in the next few years. Its budget for 1986 is almost $19m compared with $28m for the CFTC.

The NFA gets most of its funds from futures traders. Brokers must pay it a fee of 28 cents for each trade.

According to the CFTC, the association has put into place over the last three years a programme "reasonably designed to result in effective self-regulation." It has established proficiency standards and testing for industry professionals; minimum capital requirements, and rules for segregating customer funds; a sales practices scheme; and an arbitration, membership and disciplinary programme.

Some programmes required by Congress, however, are not yet fully operational, according to the CFTC. A segregation audit programme for NFA members who belong to one of the commodity exchanges has only been in place for two months.

The commission and the association have been maintaining a close working relationship. In fact, many former CFTC staff members have left Washington to work in the Chicago-based NFA.

Extra output depresses phosphate prices

BY DAVID MARSH IN PARIS

PRICES FOR phosphate fertilisers are being depressed by an active low price export policy put into effect by newly-emerging phosphate producers such as China, Tunisia, Jordan and Israel, according to an analysis by Banque Indosuez, the French merchant bank.

The bank says the world market in phosphate fertilisers has undergone profound change in recent years. The market mechanism has played a much stronger role in determining prices than has been the case for the oil market.

Developing countries have come to the fore in phosphate production, partly as a result of decolonialisation during the past 30 years. They accounted for 43 per cent of world production in 1983 against 36 per cent for industrialised countries and 21 per cent for the Eastern bloc. This compared with a developing nation share of only 4 per cent in 1955, when industrialised countries controlled 83 per cent of output and the Eastern bloc 13 per cent.

The bank says the increasing importance of smaller producers has weakened the dominant position of the two biggest phosphate nations, the US and Morocco, which account for 10 per cent and 55 per cent respectively of exploitable world reserves and 31 and 15 per cent of annual production. With the Soviet Union, the three countries control two thirds of world production, although the percentage has dropped from more than 75 per cent in 1970.

World phosphate demand dropped sharply after the rapid price increases between 1973 and 1975, when prices for Moroccan phosphates rose by a factor of 4.5. The rate of consumption has fallen particularly in the developed world, where farmers became aware of sometimes excessive use of phosphate fertilisers in the past. Preference by farmers in western Europe to cut down on current phosphate use and rely on stored quantities of the element in the ground has led to a sharp drop in western Europe's share of world phosphate fertiliser consumption to 16 per cent, on the basis of latest figures, from 28 per cent in 1971 and 35 per cent in 1961.

Fast growth of phosphates use in developing countries and eastern Europe have increased these two areas' shares to 24 and 30 per cent respectively from 8 and 16 per cent 20 years ago.

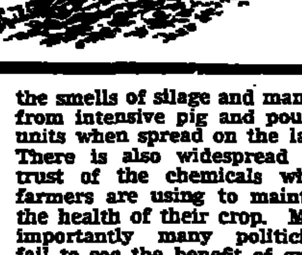
The bank study says the immediate slump in demand which followed the early 1970s price rises brought down the level of phosphate prices by 1978 to no more than 20 per cent above 1973 values in real terms. A renewed price rise between 1978 and 1981, followed by another slump since then, has left current prices for Moroccan phosphates only 25 per cent above their real 1973 levels.

As for the future, the bank says overall world fertiliser consumption should rise by about 3 to 3.5 per cent per year over the rest of the century, based on World Bank projections of 1.5 per cent annual population growth rates.

The use of nitrogen fertilisers has outstripped phosphate products in recent years (nitrogen in the soil needs constant replenishment, unlike phosphorous). But Banque Indosuez reckons that the world phosphate use growth rate should stabilise at around 3 to 3.5 per cent a year, with growth sluggish in western Europe and much stronger (at about 5.5 per cent to 6 per cent annually) in developing nations.

Agriculture and the environment

FARMER'S VIEWPOINT



By John Cherrington

THE DECLINE in the importance of farming in the eyes of the British public could hardly be demonstrated more clearly than it is by the present squabble between the Ministry of Agriculture and the Department of the Environment.

Although Mr Michael Jopling, the Agriculture Minister, denied at the weekend that there was a dispute between the two Government departments, tensions between them on countryside issues have been frequently apparent over the past year or more.

The latest squall was sparked off by the organising committee of the Oxford Farming Conference, which was looking for a politician to speak on "the future impact on the rural economy of environmental concerns." Although the chosen speaker, Mr William Waldegrave, is Minister of State at the Department of the Environment, his talk is entitled simply "A Politician's View."

This has been a red rag to the mandarins of the Ministry of Agriculture who feel that if anyone is fitted to guide the farming industry into the path of environmental righteousness it must surely be their own officials. Their importance can only be diluted if they have to share the responsibility with another Ministry which lacks the specialised knowledge of every aspect of the nation's farming.

Perhaps their alarm is justified. A year or so ago there were rumours that, in a forthcoming reorganisation of Whitehall, the Agriculture Ministry would lose some of its countryside responsibilities to the Environment Department.

After all farming is certainly the biggest single influence on the rural environment. Control farming, so the argument goes, and the countryside will be moulded to whatever shape the politicians determine.

The Ministry of Agriculture has had a battering lately from the Treasury. Every section from research to education, has suffered substantial cuts in funds. Redundancies are already running into hundreds.

Moreover, its function is now mainly as the channel for the application of the Common Agricultural Policy as determined by the EEC's Council of Ministers. There is little Mr Jopling can do without reference to the EEC and he seems powerless to prevent its rulings being imposed on Britain's farming—take, for example, the recent ban on hormones and the imposition of milk quotas.

The British public, it seems to me, are right behind the environmental lobby. They don't like the outward signs of modern commercial farming: the big fields and noisy tractors, the grey concrete buildings; the smells of silage and manure from intensive pig and poultry units when spread on the land.

There is also widespread distrust of the chemicals which farmers are using to maintain the health of their crop. More importantly many politicians fail to see the benefit of growing oversized crops, much of which have to be taken off the markets at the taxpayers' expense.

The Ministry of Agriculture has been rather slow to accept the need to take notice of these widely held views, although they are not confined to the lunatic fringe which see a bog drained or a moor reseeded at the expense of the existing flora and fauna. Almost everyone, it seems, wants changes in the environment.

The countryside has been a constantly changing scene throughout the centuries and has always been entirely functional and relevant to the needs of the times. During the food shortages of the Napoleonic wars the plough was taken to the slopes of Dartmoor. The chalk downs of the southern counties were cultivated for centuries until the Enclosure Acts of the 18th century. In Northamptonshire, where I live, many of the extensive woodlands contain the evidence of centuries of much closer settlement and of pastoral and arable farming.

No one has, as yet, propounded a positive strategy for guiding the countryside towards environmental "perfection" in defiance of the economic forces which have dictated rural evolution up to now.

Farmers are very conscious of the widely divergent demands of the environment lobby and are well aware of the consequences of incurring its displeasure. But they feel justified in demanding compensation if they forgo what are called farm improvements, such as drainage and pasture renewal, for the sake of what is loosely called the ecological balance. On the other hand, funds for this are obviously limited and can only be applied to strictly limited objectives.

The fundamental alterations in the landscape spring from changes in the overall farming pattern. Larger farms mean larger fields. They in turn lead to larger machines and more and more intensive livestock units. These have all changed, and are still changing, the rural environment. The question of who is to control and guide these developments is, I believe, the basis of the differences which exist between the two departments.

The possibility of arriving at a solution which would please everyone is inconceivable.

LONDON MARKETS

COCOA AND coffee futures prices lost some of their recent gains yesterday under the influence of a weaker tone in the New York market. March coffee's £31.50 fall to £2,856 a tonne followed an early rise on expectations—which failed to materialise—that New York prices would rise on reports of renewed activity in Colombia's Nevado del Ruiz volcano. May cocoa's £47.50 decline to £1,741 a tonne was linked to talk of Ghana current crop sales. On the London Metal Exchange most base metals prices moved modestly lower as sterling recovered early losses against the dollar. Biggest falls were in zinc, down £21.50 to £458.50 for cash in a belated reaction to the December upsurge, and aluminium, where the cash position lost £18.50 at £761.50 a tonne as trade selling found the market thin. Increased tension in South Africa and the Middle East lifted the platinum price by $7.25 to $349.75 a troy ounce. Another bullish factor was the strike called last week at South Africa's Impala Platinum Mines in support of a pay demand. The company has responded by dismissing 20,000 black workers and is to sack another 10,000 today.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	761-3	−18.5	—
3 months	795-.5	−15.75	805/786.5

Official closing (am): Cash 765-.5 (770-1), three months 793-.5 (798-.5), settlement 765.5 (771). Final Kerb close: 793.5-4.5. Turnover: 16,000 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	966-7	+1.75	966.5/966
3 months	991-2	+1.0	996.5/990

Official closing (am): Cash 962-3 (963-.5), three months 994.5-5 (995-.5), settlement 963 (963.5). Final Kerb close: 992.5-3.

Cathodes			
Cash	953-5	+5.25	—
3 months	981-3	−1.0	982/982

Official closing (am): Cash 951.4 (943-8), three months 982-4 (976-8), settlement 954 (948). Turnover: 24,400 tonnes. US Producer prices 67.00-72.00 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	255.5-7.5	−7.5	262/261.5
3 months	267-8	−6.25	275/265.5

Official closing (am): Cash 261-.5 (262.5-3), three months 271.5-2 (272-3), settlement 261.5 (263). Final Kerb close: 269-70. Turnover: 13,850 tonnes. US Spot: 18.50-20.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2935-45	+75	—
3 months	2985-90	+80	3080/291

Official closing (am): Cash 3,050-5 (2,878-50), three months 3,074-5 (2,910-5), settlement 3,055 (2,882). Final Kerb close: 2,980-90. Turnover: 5,406 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	458-9	−21.5	—
3 months	469-.5	−17.25	489/468

Official closing (am): Cash 464-6 (481-.5), three months 472-4 (387-8), settlement 466 (481.5). Final Kerb close: 468.5-9. Turnover: 17,275 tonnes. US Prime Western: 35.00-36.75 cents per pound.

GOLD

Gold rose $¾ to $328-328½ on the London bullion market yesterday. It opened at $327¾-328¼ and was fixed at $327.80 in the morning and $328.00 in the afternoon. The metal touched a peak of $328¼-329 and a low of $327¼-327¾ in quiet trading.

GOLD BULLION (fine ounce)		Jan. 6
Close	$328-328½	(£227¾-228¼)
Opening	$327¾-328¼	(£228-228½)
M'n'g fix	$327.80	(£228.633)
Aft'n'n fix	$328.00	(£227.304)

GOLD AND PLATINUM COINS		
Kr'g'r'nd	$339½-330	(£229¼-229½)
½ Krug.	$174¼-174¾	(£121¼-121½)
¼ Krug.	$89-89½	(£62-62¼)
1/10 Krug.	$36½-37	(£25½-25¾)
Mapleleaf	$338¼-338¾	(£235¼-235¾)
Angel	$337-339	(£234½-235¾)
1/10 Angel	$32¾-37¾	(£22¾-26¼)
New Sov.	$78½-79	(£54½-55)
½ New Sov	$47¼-47¾	(£32¾-33¼)
Old Sov.	$83-84½	(£57¾-58¾)
$20 Eagle	$450-470	(£299¼-327)
Noble Plat	$360¾-364¾	(£251-253¾)

SILVER

Silver was fixed 6.6p an ounce higher for spot delivery in the London bullion market yesterday at 404.05c. US cent equivalents of the fixing levels were: spot 579c, up 4.5c; three-month 589.75c, up 4.9c; six-month 601c, up 5.05c; and 12-month 624c, up 5.9c. The metal opened at 404-406p (581-583c) and closed at 402½-404½p (580-582c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	404.05p	+6.55	409p	—
3 months	415.30p	+7.20	415p	−0.5
6 months	427.05p	+7.55	—	—
12 months	449.90p	+8.75	—	—

LME—Turnover: 119 (11) lots of 10,000 oz.

Three months high 415p, low 414p, final kerb 413-3.5p.

MEAT

Fresh buying pushed prices higher despite keen trade selling in good volume, reports Eastern Capital-CCST.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Feb	101.10	100.80	100.90-100.80
April	101.90	101.70	102.00-
June	99.80	99.50	99.00-99.50
Aug	98.30	98.10	98.50-98.50
Oct	104.30	103.90	104.00
Nov	106.70	105.90	—

Sales: 74 (84) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.96p per kg lw (—0.60). GB—Sheep 188.17p per kg est dcw (—8.33). GB—Pigs 78.87p per kg lw (—4.91).

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 6 1986	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt.	$1155/70	−25	$1010/60
Copper			
Cash h Grade	£966.5	−1.75	£950.75
3 mths	£992.75	+1.0	£969.75
Gold Troy oz	$328.25	+0.75	$317.75
Lead Cash	£257.5	−7.5	£265.5
3 mths	£267.5	−6.25	£273.5
Nickel			
Free Mkt.	195/215c	+7	181/201c
Palladium oz	$97.75		$97.75
Platinum oz	$349.75	+7.25	$333.25
Quicksilver	$270/280		$270/288
Silver troy oz	404.05p	+6.55	409.55p
3 months	415.30p	+7.20	420.80p
Tin cash	‡		‡
3 months	‡		‡
Tungsten	$66.92		$67.77
Wolfram 22.04lb	$53/61		$58/64
Zinc	£458.5	−21.5	£470.5
3 months	£469.25	−17.25	£464.5
Producers	$660/700		$680/678
OILS			
Coconut (Phil)	$440v		$387.5
Palm Malayan	$385	−20	$380
SEEDS			
Copra Phil	$335v		$337.5
Soyabean (U.S.)	$235.9		$216.5
GRAINS			
Barley Fut. Mar.	£115.45	−0.70	£112.95
Maize	£143.00		£142.50
Wheat Fut. Mar.	£115.90	−0.35	£115.45
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1741	−47.5	£1732
Coffee Ft. Mar.	£2856	−31.5	£2056.5
Cotton A Index	49.55c	+0.25	48.05c
Gas Oil Feb.	$232.75	+5	$242.25
Rubber (kilo)	57p		56p
Sugar (raw)	$125.5v	−1	$144
Wooltops 64s	387p kilo		382p kilo

‡ Unquoted. x Dec-Jan. † Per 75 lb flask. c Cents per pound. v Jan-Feb. z Feb.

COCOA

Futures remained locked in a narrow range until the final hour of trading when prices crashed £50 to close at the lows. The late activity failed to spark any interest for physicals which were neglected throughout the day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1740-1741	−51.0	1775-1735
May	1765-1767	−47.5	1782-1757
July	1785-1786	−47.5	1805-1780
Sept	1772-1775	−47.5	1821-1772
Dec	1764-1767	−41.5	1880-1765
March	1800-1807	−40.0	—
May	1810-1832	−38.0	—

Sales: 2,205 (2,621) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for January 6: 105.38 (106.65); five-day average for January 7: 109.46 (109.83).

COFFEE

After opening £12-17 higher the market rose further on commission house buying in moderate volume, reports Drexel Burnham Lambert. Resistance around the recent highs prevented a breakthrough and a decline in New York triggered a retracement during a more active afternoon.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Jan	2785-900	−29.0	2888-795
March	2852-60	−31.5	2950-852
May	2924-25	−16.0	3005-920
July	2985-90	−12.5	3065-990
Sept	3055-60	+10.0	3110-065
Nov	3100-05	+22.5	3145-100
Jan	3100-25	+7.5	3145-125

Sales: 3,247 (10,436) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for January 3: Comp daily 1979 220.64 (221.27); 15-day average 190.60 (186.52).

COTTON

LIVERPOOL—Spot and shipment sales for the week ended January 4, totalled 200 tonnes for the last two days of trading, against 108 tonnes for one day trading in the previous week. Dealings were mainly in Israeli qualities.

FREIGHT FUTURES

The market opened on a firmer note as reports of rises in physical freight rates became available. Values held throughout the day until the close when acute profit-taking eroded gains slightly, reports Clarkson Wolff. The Baltic Freight Index was 904, up 6.5. The Tanker Freight Index was 1,000, unchanged.

	Close	High/Low	Prev.
Jan.	900/901	903/896	894/895
April	954/968	966	959/951
July	839/840	840/839	835/840
Oct.	925/930	—	925/949
Jan.	920/940	—	925/949
April	1005/1040	—	1005/1020
July	840/880	—	823/875
Oct.	950/990	—	960/985

Turnover: 48 (25).

GRAINS

Old crop wheat eased 40p on country merchant selling as offers of original grain increased. Trade remained fairly dull and in a narrow range with light shipper support at the lower levels. Barley dropped 70p from contract highs on profit-taking in thin trading conditions and closed at the day's lows. New crops also saw increase in original selling as wheat eased a touch but barley remained at the highs on shipper buying, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Jan	113.60	−0.30	112.50	−0.68
Mar	116.20	−0.35	115.45	−0.78
May	119.20	−0.40	117.60	−0.86
July	121.36	−0.35	—	—
Sept	99.95	−0.65	99.55	+0.05
Nov	102.60	−0.20	102.60	+0.10

Business done—Wheat: Jan 113.65-113.55, March 116.30-116.10, May 119.35-119.10, July 121.40-121.35, Sept 100.00-99.95, Nov 103.00-02.80. Sales: 147 lots of 100 tonnes. Barley: Jan 112.50 only, March 115.90-115.45, May 117.80-117.50, Sept untraded, Nov 102.70-102.60. Sales: 155 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Jan 135, Feb 136.50, Mar 138 sellers transhipment east coast. US no 2 soft red winter Jan 123.75, Feb 124.60, Mar 125 sellers, EC French Dec 136. English feed fob Jan 117, Jan/Mar 118.60, April/June 123 sellers east coast. Maize: US no 3 yellow/French transhipment east coast Dec 143. Barley: English feed fob Jan 118 English, 117 Scottish, Jan/Mar 119, Feb/Mar 120.25, April/June 123 sellers. Rest unquoted.

ADD GRAINS

HGCA—Locational ex-farm spot prices. Feed barley: E. Mids 113.40, N. East 113.00. The UK monetary coefficient for the week beginning Monday January 13 1986 (based on HGCA calculations using four days' exchange rates) is expected to be unchanged.

RUBBER

PHYSICALS—The London market opened slightly easier, drifted lower throughout the day and closed on an easy note, reports Lewis and Peat. Closing prices (buyers) spot 57.00p (same), February 55.25p (same), March 55.50p (same). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg RSS No 1 was 178.0 (178.6) and for SMR 20 171.5 (172.5).

POTATOES

After a quiet morning stronger buying interest developed as unsubstantiated rumours of an imminent release of low PMB stock figures stantiated rumours of an imminent with some chartist buying as April broke £94.00 resistance levels, added another 80p to values, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	80.20	80.00	88.00
Apr	94.60	91.90	94.80-92.80
May	101.00	98.00	101.80-98.50
Nov	76.80	76.80	—

Sales: 468 (318) lots of 40 tonnes.

SOYABEAN MEAL

The market opened £1 down in quiet conditions, reports T. G. Roddick. Prices remained within a narrow range in a featureless market.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Feb	128.8-129.4	−0.40	128.5
Apr	132.4-132.6	−0.25	132.6-131.8
June	129.2-130.0	−0.30	129.2-128.6
August	127.8-127.8	−0.60	127.8
October	128.5-129.8	+0.40	129.0
Dec	130.2-132.8	+0.60	130.0
Feb	136.0-136.8	+1.90	—

Sales: 123 (137) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $125.50 (£87.50), down $1.00 (unchanged) a tonne for January-February delivery. White sugar $163.00, down $1.00.

Prices rose in quiet conditions. Arbitrage buying against a steadier white sugar market provided most of the gains, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar	148.8-148.6	147.0-147.2	148.6-147.2
May	153.6-155.8	152.0-152.4	153.8-152.6
Aug	159.0-159.4	158.0-158.4	159.0-159.2
Oct	163.6-164.4	162.0-163.0	164.0-163.0

Sales: 829 (824) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £188.50 (same) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for January 3: Daily price 4.80 (4.79); 15-day average 5.08 (5.13).

PARIS—(FFr per tonne): Mar 1269/1271, May 1283/1285, Aug 1363 value, Oct 1396/1403, Dec 1415/1428, Mar 1485/1505.

OIL

Forward Brent and WTI firmed 50-60 cents, but activity was concentrated on talk rather than deals. Nymex opened 23c up and gained another 18c by 1.30 EST. Prompt gas/oil prices firmed marginally in thin trade. Gasoline and naphtha weakened on poor prompt demand. Forward naphtha prices were slightly firmer on the back of stronger futures—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Jan.		
Arab Light	27.78-27.80*	N/A
Arab Heavy	25.85-25.75*	N/A
Dubai	25.45-25.50*	+0.025
Brent Blend	25.50-25.58	+0.50
W.T.I. (1pm est)	25.50-25.55*	+0.575
Forcados (Nigeria)	26.85-27.05	−0.05
Urals (cif NWE)	25.50-25.50	−0.20
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	253-255	−2.5
Gas Oil	240-242	+0.5
Heavy fuel oil	134-136	—
Naphtha	226-227	−1

* February

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Jan	240.50	+5.00	240.50-38.50
Feb	232.75	+5.00	233.00-30.00
Mar	221.50	+5.00	222.25-19.25
Apr	211.50	+5.50	211.50-09.00
May	204.50	+4.75	204.50-01.75
June	200.50	+5.50	201.00-00.00
July	200.50	+5.00	200.50-00.00
Aug	201.75	+5.75	205.

Turnover: 1,247 lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index. $ a barrel. (Close, change, business done): Index 24.95, +0.24; Feb 25.25-25.45; March 24.20-24.70; April 23.50-24.00, +1.00, 23.50; May 22.50-23.50; June 22.00-23.30. Turnover: 10 (0) lots of 1,000 barrels.

US MARKETS

PRECIOUS METALS remained steady with the exception of platinum where reports of the sacking of 20,000 workers at South Africa's Impala firmed values, reports Heinold Commodities. Copper remained steady with light resistance on the build-up in LME stocks. Aluminium weakened on speculative long liquidation. Sugar gained ground on light commercial buying interest. Roaster interest continued to rally coffee values. Good availability from Ghana led to sharp losses in cocoa. Cotton traded mixed with a lack of trade participation dulling interest. Colder weather in the North-East US led to a sharp rally in the energy complex. The soyabean complex traded mixed with soyaoil sharply lower on weakness in competing oils while soyameal and soyabeans moved better on European interest. The grain complex remained steady

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	51.95	—	—	52.70
Feb	52.25	—	—	52.30
March	52.60	52.80	52.30	53.25
May	53.20	53.35	52.90	53.85
July	53.80	53.80	53.80	54.45
Sept	54.45	—	—	55.10
Dec	55.40	—	—	56.05
Jan	55.70	—	—	56.35
March	56.35	—	—	57.00
May	57.00	—	—	57.65

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2214	2264	2207	2273
May	2261	2320	2250	2312
July	2282	2345	2282	2338
Sept	2306	2359	2298	2350
Dec	2308	2344	2312	2360
March	2320	—	—	2375
May	2390	—	—	2343

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
March	261.67	262.24	253.00	255.92
May	259.09	259.09	256.00	253.09
July	263.18	263.18	259.00	257.18
Sept	266.96	266.96	262.00	250.96
Dec	270.94	270.94	270.94	264.94
March	273.45	273.45	273.35	267.45
May	272.45	272.45	272.45	268.45

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	63.75	63.75	63.55	63.75
Feb	64.10	—	—	63.80
March	64.50	64.65	64.20	64.45
May	64.70	64.80	64.40	64.70
July	64.95	65.05	64.70	64.96
Sept	65.10	65.00	64.85	65.10
Dec	65.35	65.55	65.20	65.35
Jan	65.45	—	—	65.45
March	65.65	65.60	65.50	65.65
May	65.85	—	—	65.85

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
March	61.92	61.95	61.67	61.90
May	62.07	62.10	61.85	62.02
July	58.15	58.25	57.98	58.23
Oct	49.55	49.65	49.46	49.55
Dec	48.27	48.28	48.05	48.72
March	49.02	—	—	49.05
May	49.35	—	—	49.35

CRUDE OIL (LIGHT) 42,000 U S gallons, $/barrels

	Latest	High	Low	Prev
Feb	26.51	26.54	26.20	25.97
March	25.54	25.55	25.20	25.01
April	24.70	24.70	24.39	24.22
May	24.06	24.06	23.82	23.62
June	23.64	23.64	23.40	23.20
July	23.29	23.29	23.00	22.84
Aug	22.96	23.00	22.70	22.53
Sept	22.50	22.44	22.32	22.26
Oct	22.32	22.32	22.22	22.02
Nov	22.22	22.22	22.03	21.82

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	328.8	—	—	328.1
Feb	330.7	330.9	329.3	330.0
March	332.5	—	—	331.8
April	334.5	334.7	333.2	333.8
June	338.5	338.5	337.4	337.8
Aug	342.6	342.4	342.0	341.9
Oct	346.9	346.9	346.0	346.2
Dec	351.2	351.0	350.0	350.5
Feb	355.6	—	—	354.9
June	364.4	—	—	363.7
Aug	369.3	—	—	368.5
Oct	373.9	—	—	373.4

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Feb	76.80	76.80	75.55	74.94
March	73.49	73.49	72.06	71.49
April	69.31	69.31	67.80	67.31
May	65.70	65.50	64.70	64.22
June	64.00	64.00	63.25	62.80
July	63.50	62.75	62.75	62.20
Aug	63.25	—	—	62.00
Sept	63.00	63.00	63.00	62.30

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	107.65	108.00	107.50	105.80
March	110.35	111.20	109.20	108.10
May	112.50	112.80	111.20	110.00
July	114.20	114.25	112.70	111.70
Sept	113.50	113.50	113.50	111.30
Nov	114.00	—	—	112.00
Jan	114.50	—	—	112.50
March	115.50	115.50	115.00	113.05
May	115.50	—	—	113.70

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	358.7	360.0	347.0	343.6
Feb	359.7	350.0	350.0	344.8
March	361.2	—	—	347.6
April	363.2	364.0	352.6	349.6
July	366.7	365.0	358.0	353.2
Oct	371.2	366.0	361.5	357.1
Jan	375.4	—	—	361.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	583.8	582.0	581.0	582.0
Feb	587.1	—	—	585.6
March	591.0	591.5	586.0	589.5
May	598.7	599.0	593.5	597.1
July	606.4	607.0	601.5	604.8
Sept	614.5	614.0	610.0	612.8
Dec	626.7	626.0	622.0	624.9
Jan	631.0	—	—	629.2
March	639.4	638.0	636.0	637.6
May	648.1	—	—	646.2

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
March	5.62	5.63	5.54	5.51
May	5.84	5.85	5.78	5.74
July	6.02	6.03	5.97	5.94
Sept	6.18	—	—	6.12
Oct	6.29	6.30	6.24	6.20
Jan	6.61	—	—	6.52
March	6.93	6.91	6.90	6.84
May	7.10	—	—	7.00

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	58.47	59.15	58.20	58.72
April	59.77	60.55	59.60	59.70
June	59.80	60.67	59.65	60.05
Aug	58.77	59.65	58.70	59.15
Oct	57.62	58.10	57.60	57.72
Dec	59.50	60.00	59.50	59.60

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	46.40	46.47	46.00	45.85
April	42.55	42.72	42.25	42.15
June	45.30	45.60	45.05	44.97
July	45.65	45.75	45.40	45.42
Aug	44.55	44.70	44.30	44.40
Oct	41.65	41.90	41.68	41.40
Dec	42.65	42.80	42.65	42.30
Feb	42.95	43.10	43.00	42.65

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	246.6	247.4	246.6	248.4
May	250.0	251.0	250.0	250.4
July	249.6	251.0	249.4	250.2
Sept	233.2	233.4	232.6	233.4
Dec	223.0	223.4	222.2	223.0
March	231.0	231.4	230.4	231.0
May	235.4	—	—	235.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	65.42	65.50	64.40	64.32
March	65.20	65.30	64.50	64.27
May	65.95	66.00	65.30	65.30
July	65.42	65.50	64.95	64.90
Aug	62.85	63.00	62.50	62.20

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Jan	533.2	534.0	528.2	529.6
March	544.2	545.0	538.0	541.0
May	553.6	554.6	548.2	550.4
July	561.2	562.8	556.0	558.6
August	560.0	561.4	555.4	558.0
Sept	539.4	543.0	538.0	541.0
Nov	537.2	540.4	533.4	538.0
Jan	547.4	548.0	544.4	549.0
March	557.4	558.0	554.0	559.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	150.8	150.8	148.0	147.5
March	152.3	152.5	149.2	148.8
May	154.3	154.3	151.0	150.8
July	156.2	156.3	153.3	153.0
August	156.2	—	—	153.5
Sept	151.5	—	—	149.6
Oct	148.3	—	—	147.0
Dec	149.9	150.0	148.0	148.9
Jan	149.5	—	—	149.0
March	155.0	—	—	154.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	20.85	21.60	20.70	21.45
March	21.12	21.90	21.06	21.82
May	21.53	22.30	21.46	22.20
July	21.84	22.55	21.78	22.50
Aug	21.81	22.00	21.80	22.45
Sept	21.46	22.10	21.45	22.01
Oct	21.30	21.85	21.20	21.95
Dec	21.20	21.40	21.00	21.40
Jan	21.10	21.20	21.00	21.40

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	331.6	333.4	328.0	330.2
May	308.6	311.4	307.0	308.6
July	278.2	279.2	276.4	277.6
Sept	277.2	278.4	275.6	276.4
Dec	288.4	289.0	286.0	287.2

INDICES

FINANCIAL TIMES

Jan 6	Jan. 3	M'th ago	Year ago
—*	—*	—*	292.51

(Base: July 1 1952 = 100)

REUTERS

Jan. 6	Jan. 3	M'th ago	Year ago
1771.8	1773.4	1705.1	1919.5

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Jan. 3	Jan. 2	Month ago	Year ago
Spot	126.97	126.09	—	120.75
Fut.	133.99	133.45	—	122.88

(Base December 31 1974 = 100)

* Not available due to suspension of tin LME.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar suffers late fall

The dollar suffered late losses in European trading, mainly on selling out of New York. Earlier in the day the US currency had benefitted as the D-mark led block of EMS currencies, coupled with the Swiss franc and sterling, had fallen back against the dollar and into line with the Japanese yen. The dollar rose to around Y202 and Y199 against the yen on Friday, after Mr Satoshi Sumita, governor of the Bank of Japan, made it clear that he does not favour a further fall in the dollar below year end values.

Yesterday's late fall by the dollar may have partly reflected its failure to move above a chart resistance level, but was also an indication of disappointment at recent economic figures, including the November trade deficit, and the problems facing the Reagan Administration in 1986.

The dollar fell to DM 2.4475 from DM 2.4610; FFr 7.50 from FFr 7.5550; and Y201.90 from Y202.60, but improved slightly to SFr 2.07 from SFr 2.0670.

On Bank of England figures the dollar's index fell to 125.8 from 126.1.

STERLING — Trading range against the dollar in 1985-86 is 1.4885 to 1.0525. December average 1.4555. Exchange rate index fell to 77.9 from 78.0, after opening unchanged at the day's peak of 78.0, and remaining steady at the day's low of 77.8 from 9 am until 3 pm.

Sterling weakened with the dollar in late European trading, after an early period when the pound was higher, as dealers covered short positions taken out before the new year. Nervousness continued about oil prices, and interest rates edged higher on the London money market, with the Bank of England adjusting its dealing rates up a little for some bills, when intervening to provide assistance. Sterling fell 30 points to $1.4355-1.4365, and also declined to DM 3.5150 from DM 3.5425; FFr 10.77 from FFr 10.87; SFr 2.9725 from SFr 2.9750; and Y290 from Y291.50.

D-MARK — Trading range against the dollar in 1985-86 is 3.4510 to 2.4375. December average 2.5120. Exchange rate index 131.7 against 121.8 six months ago.

The D-mark improved against the dollar, as the US currency met with selling from New York. The dollar closed at DM 2.4490 in Frankfurt compared with DM 2.46675 on Friday, near the day's low of DM 2.4460 and down sharply from the opening of DM 2.4740. At the Frankfurt fixing the dollar was fixed at DM 2.4760, against DM 2.4615, without intervention by the Bundesbank. Early in the day the dollar was quiet, with dealers reluctant to take out new positions, after the comment by the governor of the Bank of Japan before the weekend, about the US currency holding around Y200. A Catholic holiday, influencing trading in France, Italy and parts of West Germany also kept trading thin, while no fresh data about the US economy is expected until tomorrow. There was some speculation about lower London interest rates, and this contributed to a fall to DM 3.5460 from DM 3.5540 in sterling at the Frankfurt fixing. The Swiss franc also fell to DM 1.879 from DM 1.1912 at the fixing.

£ IN NEW YORK

	Jan. 6	Prev. close
£ Spot	$1.4335-1.4350	$1.4370-1.4380
1 month	0.44-0.40pm	0.43-0.41pm
3 months	1.33-1.29pm	1.31-1.28pm
12 months	4.68-4.58pm	4.58-4.48pm

Forward premiums and discounts apply to the U.S. dollar.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4300-1.4445	1.4355-1.4365	0.48-0.45c pm	3.89	1.33-1.28pm	3.64
Ireland†	1.2293-1.2465	1.2445-1.2455	0.50-0.35c pm	4.14	2.05-1.55pm	5.85
Canada	1.4055-1.4085	1.4060-1.4070	0.15-0.18c dis	−1.41	0.51-0.56dis	−1.52
Nethlnd.	2.7500-2.7915	2.7540-2.7550	0.64-0.58c pm	2.65	1.60-1.50pm	2.22
Belgium	49.95-50.80	50.05-50.15	5-9c dis	−1.66	18-24dis	−1.66
Denmark	8.91½-9.04	8.92¾-8.93¼	¼ore pm-½dis	−0.17	½-¾ dis	−0.17
W. Ger.	2.4420-2.4785	2.4470-2.4480	0.80-0.77pf pm	3.80	2.05-2.00pm	3.27
Portugal	157½-159¾	157½-158½	150-350c dis	−18.90	450-1000dis	−18.27
Spain	152.90-154.65	152.80-152.90	75-125c dis	−7.77	260-320dis	−7.51
Italy	—	1667-1668	13½-15½lire dis	−10.31	37-40dis	−9.12
Norway	7.52½-7.61	7.54-7.54½	2¾-3¼ore dis	−4.73	8½-9 dis	−4.80
France	7.49¾-7.60	7.49¾-7.50¼	1½-2¼c dis	−2.96	8-9¼dis	−4.55
Sweden	—	7.58¼-7.58¾	2¼-3¾ore dis	−4.62	7½-8 dis	−4.07
Japan	201.65-202.70	201.85-201.95	0.24-0.19y pm	1.27	0.75-0.70pm	1.43
Austria	—	17.19-17.21	2¾-2gro pm	1.60	6½-5pm	1.33
Switz.	2.0645-2.0860	2.0695-2.0705	0.80-0.75c pm	4.46	2.05-1.95pm	3.84

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 50.85-50.75.

POUND SPOT — FORWARD AGAINST POUND

Jan 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4300-1.4445	1.4355-1.4365	0.48-0.45c pm	3.89	1.33-1.28pm	3.64
Canada	2.0140-2.0280	2.0253-2.0282	0.44-0.34c pm	2.31	1.16-1.00pm	2.12
Nethlnd.	3.95-4.00	3.95-3.96	2¼-2c pm	6.83	6-5¾pm	5.88
Belgium	71.88-72.46	71.90-72.00	17-8c pm	2.08	42-30pm	2.00
Denmark	12.82-12.95½	12.82-12.83	3⅞-2⅞ore pm	3.04	10-8¾pm	2.92
Ireland	1.1560-1.1662	1.1570-1.1580	0.07ppm-0.11dis	−0.21	0.37-0.90dis	−2.19
W. Ger.	3.52-3.55¾	3.51-3.52	2¼-2⅛pf pm	7.68	6¾-6pm	6.97
Portugal	225.18-229.42	226.38-229.42	140-436c dis	−15.14	435-1235dis	−14.66
Spain	219.91-221.79	219.91-220.42	40-80c dis	−3.27	175-295dis	−4.27
Italy	2394-2421	2394-2395	11-15lire dis	−6.52	30-36 dis	−5.51
Norway	10.82½-10.90½	10.82½-10.83½	½-1½ore dis	−1.04	2¼-3¼dis	−0.97
France	10.76½-10.88	10.76½-10.77½	¾c pm-¼dis	—	3-6¾ dis	−1.56
Sweden	10.88¾-10.93¾	10.88¾-10.89¾	¼-1½ore dis	−1.24	⅞-1⅞dis	−0.48
Japan	289¾-291½	289½-290½	1¾-1½y pm	5.17	3⅞-3½pm	5.09
Austria	24.77-24.97	24.77-24.81	12¾-7¾gro pm	4.90	34¾-29⅞pm	5.21
Switz.	2.96⅝-2.99	2.96⅝-2.97⅝	2¼-1⅞c pm	8.07	5¾-5⅞ pm	7.49

Belgian rate is or convertible francs. Financial franc 72.75-72.85. Six-month forward dollar 2.61-2.56c pm. 12-month 4.75-4.60c pm.

CURRENCY MOVEMENTS

Jan. 6	Bank of England Index	Morgan Guaranty Change %
Sterling	77.9	−13.8
U.S. dollar	125.8	+15.4
Canadian dollar	80.1	−12.0
Austrian schilling	132.7	+6.3
Belgian franc	93.1	−9.0
Danish Kroner	84.1	−2.3
Deutsche mark	131.7	+12.2
Swiss franc	151.3	+12.1
Guilder	121.4	+7.4
French franc	70.3	−11.2
Lire	45.4	−19.1
Yen	176.1	+29.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Jan. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.762469	0.616475
U.S.$	7½	1.09816	0.884642
Canadian $	9.62	*	1.24487
Austria Sch.	4	N/A	15.5751
Belgian Fr.	9¾	55.1941	44.5948
Danish Kr	7	9.87859	7.97372
D'mark	4	2.70419	2.18462
Guilder	5	3.04385	2.46037
French Fr	9½	8.28567	6.69455
Lira	15½	N/A	1488.41
Yen	5	220.944	179.051
Norway Kr.	8	8.30478	6.70780
Span'h Pta.	—	N/A	136.500
Swedish K.	10½	N/A	6.75655
Swiss Fr.	4	2.27661	1.84120
Greek Dr'ch	20½	N/A	132.121
Irish Punt	—	N/A	0.716019

* C$/SDR rate for December 31: 1.53504

EXCHANGE CROSS RATES

Jan 6	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.436	3.515	290.0	10.77	2.973	3.955	2395.	2.027	71.95
$	0.696	1.	2.448	201.9	7.500	2.070	2.755	1668.	1.411	50.10
DM	0.284	0.409	1.	82.50	3.064	0.846	1.125	681.2	0.577	20.47
YEN	3.448	4.952	12.12	1000.	37.14	10.25	13.64	8257.	6.989	248.1

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 8¼-8½ per cent; three years 8¾-9 per cent; four years 9-9¼ per cent; five years 9¼-9⅝ per cent nominal. Short-term rates are call for US dollars and Japanese yen: others two days' notice.

FUTURES AND OPTIONS

Gilts lose ground

Gilt prices were marked down in the London International Financial Futures Exchange yesterday. Prices were affected initially by sterling's weaker trend, principally as a result of renewed oil price fears together with a stronger dollar movement during the morning. Prices tried to rally during the afternoon as the dollar fell away but renewed selling saw values fall to finish at the day's lows.

Trading volume was quiet on the first full day of trading after the Christmas break. Long-term gilts for March delivery closed at 109-19 down from opening levels of 109-29 and 110-11 on Friday. Three-month sterling deposits for March delivery opened at 88.32, which proved to be the day's high and eased to a low of 88.18 before finishing at 88.20 down from 88.34 on Friday.

News of a 3.1 per cent rise in UK retail sales in November after a 1.6 per cent fall in October had no effect on trading.

US Treasury bonds opened softer and remained so until the opening of Chicago. A lower Federal funds rate led bonds to better levels with the March contract improving from an opening level of 84-27 to a high of 85-05. At this point it met some resistance and eased back to close at 84-31 compared with Friday's close of 85-05.

Three-month Euro-dollars for March delivery opened at 92.17 down from 92.20 on Friday and traded between a high of 92.19 and a low of 92.17 before finishing at 92.17. Some of the weaker trend reflected last week's large increase in US money supply although there was little follow through in early US trading and prices were marked up from early levels.

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	109-19	109-31	108-17	110-11
June	110.00	110-07	110-07	110-26
Sept	110-10	—	—	111-04

Est. volume 3,031 (2,181). Previous day's open int. 4,573 (4,039). Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract) −4 to +6 (2nds).

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	84-31	85-05	84-23	85-06
June	84-29	—	—	84-01

Est. volume 1,888 (2,005). Previous day's open int. 2,838 (2,950)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
March	88-20	88-32	88-18	88-34
June	88-56	88-70	88-56	88-76
Sept	88-85	88-92	88-84	89-00
Dec	88-91	88-95	88-90	89-05

Est. volume 3,760 (1,997). Previous day's open int. 7,905 (7,112)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
March	144.20	145.60	144.20	146.15

Est. volume 376 (169). Previous day's open int. 1,744 (1,730)

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	92.17	92.19	92.13	92.20
June	92.05	92.06	92.02	92.06
Sept	91.85	91.85	91.82	91.85
Dec	91.59	91.59	91.56	91.58

Est. volume 3,218 (5,212). Previous day's open int. 17,480 (17,502)

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

	Close	High	Low	Prev
March	95-16	96-40	95-15	95-56
June	95-31	—	—	96-09

Est. volume 285 (87). Previous day's open int. 808 (797)

CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	85-00	85-06	84-24	84-30
June	83-30	84-03	83-23	83-28
Sept	82-31	83-04	82-28	82-30
Dec	82-05	82-09	82-01	82-03
March	81-13	81-17	81-11	81-11
June	80-25	80-27	80-23	80-22
Sept	—	—	—	—
Dec	79-22	79-23	79-20	79-19
March	79-08	79-09	79-06	79-05
June	—	—	—	78-25
Sept	—	—	—	—

US TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	93.14	93.18	93.13	93.16
June	93.06	93.08	93.03	93.06
Sept	92.89	92.91	92.88	92.89
Dec	92.66	92.67	92.65	92.66
March	—	—	—	92.41
June	—	—	—	92.17
Sept	—	—	—	91.95
Dec	—	—	—	91.74

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	92.47	92.52	92.46	92.49
June	—	—	—	92.35
Sept	—	—	—	92.14
Dec	—	—	—	91.88

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	92.17	92.21	92.14	92.17
June	92.03	92.07	92.02	92.04
Sept	91.82	91.85	91.82	91.83
Dec	91.55	91.59	91.55	91.57
March	91.29	91.31	91.29	91.30
June	91.03	91.05	91.03	91.04
Sept	90.79	90.80	90.79	90.79
Dec	90.56	90.58	90.56	90.55

LIFFE—EURODOLLAR OPTIONS $1m points of 100%

Strike price	Calls—Last March	June	Sept	Vol	Puts—Last March	June	Sept	Vol
90.00	2.17	2.06	—	—	0.00	0.01	—	—
90.50	1.67	1.58	—	—	0.00	0.03	—	—
91.00	1.17	1.13	1.05	—	0.00	0.08	0.20	—
91.50	0.70	0.73	0.70	—	0.03	0.18	0.35	30
92.00	0.31	0.41	0.42	100	0.14	0.36	0.57	220
92.50	0.09	0.19	0.22	170	0.42	0.64	0.87	—
93.00	0.01	0.07	0.10	—	0.84	1.02	1.25	—

Previous day's open int: Calls 2,023, Puts 2,138

LIFFE £/$ OPTIONS £25,000 (cents per £1)

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

PHILADELPHIA SE £/$ OPTIONS £12,500 (cents per £1)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4360	1.4314	1.4230	1.4102	1.3892

IMM—STERLING $s per £

	Latest	High	Low	Prev
March	1.4280	1.4350	1.4225	1.4286
June	1.4160	1.4220	1.4110	1.4155
Sept	1.4050	1.4120	1.4000	1.4050
Dec	1.4050	1.4050	1.3900	1.3956

LIFFE—STERLING £25,00 $ per £

	Close	High	Low	Prev
March	1.4310	1.4390	1.4200	1.4280
June	1.4180	—	—	1.4158
Sept	1.4065	—	—	1.4040

Est. volume 606 (225). Previous day's open int. 2,182 (2,129)

LIFFE—DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4102	0.4108	0.4080	0.4087
June	0.4135	—	—	0.4120

Est. volume 74 (42). Previous day's open int. 184 (204)

OTHER CURRENCIES

Jan 6	£	$
Arg'tina	1.1540-1.1563	0.8000-0.8010
Aus'alia	2.1165-2.1205	1.4675-1.4680
Brazil	15.333-15.423	10.630-10.685
Finland	7.7880-7.8040	5.4285-5.4305
Greece	211.50-215.90	149.25-149.75
H'kong	11.2875-11.2775	7.8085-7.8105
Iran	121.40*	84.40*
Kuwait	0.4180-0.4195	0.28950-0.29020
Lux'burg	71.90-72.00	50.05-50.15
Malay'as	3.5050-3.5150	2.4295-2.4315
N'Z'land	2.7330-2.7430	1.8940-1.9010
Saudi Ar.	5.2680-5.2730	3.6498-3.6505
Sin'pore	3.0525-3.0585	2.1165-2.1185

* Selling rate.

STERLING INDEX

	Jan 6	Previous
8.30 am	78.0	78.2
9.00 am	77.8	78.2
10.00 am	77.8	78.1
11.00 am	77.8	78.1
Noon	77.8	78.2
1.00 pm	77.8	78.2
2.00 pm	77.8	78.3
3.00 pm	77.9	78.1
4.00 pm	77.9	78.0

EMS EUROPEAN CURRENCY UNIT RATES

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

MONEY MARKETS

UK rates slightly firmer

Interest rates were mostly firmer in London yesterday, reflecting a softer trend in sterling. Short term rates were also firmer, heralding the start of the taxpaying season. This prompted the Bank of England to offer temporary facilities to banks up to a maximum of 1 per cent of their eligible liabilities, or about £1bn, starting on January 10 and running until March 10. With the market lacking any real direction, attention centred on short term rates with overnight interbank money opening at 11¼-11½ per cent and easing initially to 8 per cent before finishing at 12 per cent.

Rates were firmer overall not only because of seasonal shortages caused by tax payments but also by fears that a sudden fall in oil prices would put further pressure on sterling. Three-month interbank money rose to 11⅞-12 per cent from 11⅞-11⅞ per cent while three-month eligible bank bills were bid at 11⅝-11½ per cent from 11½-11⅝ per cent.

The Bank of England forecast a shortage of around £700m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,058m. These were partly offset by Exchequer transactions which added £25m and a fall in the note circulation of £295m. In addition banks brought forward balances £45m above target.

The Bank gave assistance in the morning of £736m, having revised the forecast to a shortage of around £750m. The morning help comprised purchases of £6m of eligible bank bills in band 1 at 11⅞-11¹⁵⁄₁₆ per cent and in band 2 £1m of Treasury bills and £72m of eligible bank bills all at 11⁹⁄₁₆-11¹¹⁄₁₆ per cent. In band 3 it bought £216m of eligible bank bills at 11½-11⁹⁄₁₆ per cent and in band 4 £98m of Treasury bills, £88m of local authority bills and £255m of eligible bank bills all at 11⁷⁄₁₆-11½ per cent.

Once again the forecast was revised, before taking into account the morning help, to a shortage of around £1,000m. The Bank gave additional assistance in the afternoon of £245m, comprising purchases of £78m of eligible bank bills in band 2 at 11⁹⁄₁₆ per cent and £90m in band 3 at 11½ per cent. In band 4 it bought £8m of Treasury bills, £6m of local authority bills and £63m of eligible bank bills all at 11⁷⁄₁₆-11½ per cent. Total help came to £981m.

UK clearing banks base lending rate 11½ per cent since July 30

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	8-9½
Fed funds	8
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	6.48
Two month	6.88
Three month	7.30
Six month	7.47

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan. 6)

Three months U.S. dollars		Six months U.S. dollars	
bid 8	offer 8 1/8	bid 8	offer 8 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

MONEY RATES

Company Notices

U.S.$2,500,000,000

United Kingdom

Floating Rate Notes Due 1992

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 7th January, 1986 to 7th April, 1986 the Notes will bear interest at the rate of 7⁵⁄₁₆ per cent. per annum. Coupon No. 2 will therefore be payable on 7th April, 1986, at the rate of US$9,921.87 from Notes of US$500,000 nominal and US$198.44 from Notes of US$10,000 nominal.

S.G. Warburg & Co. Ltd.
Agent Bank

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on January 6, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.06
Algeria	Dinar	(A)6.87
Andorra	French Franc	10.77
	Spanish Peseta	220.17
Angola	Kwanza	43.1190
Antigua	E. Caribbean $	3.87
Argentina	Austral	1.1562
Australia	Australian $	2.1186
Austria	Schilling	24.79
Greenland	Danish Kroner	12.8250
Grenada	E. Caribbean $	3.87
Guadaloupe	Local Franc	10.77
Guam	U.S. $	1.4360
Guatemala	Quetzal	1.4360
Guinea	Syli	32.28
Guinea-Bissau	Peso	244.30
Guyana	Guyanese $	6.03
Haiti	Gourde	7.17
Honduras	Lempira	2.90
Peru	Inti	exc(A)20.1350(16
Philippines	Philippine Peso	26.50
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.7380
Poland	Zloty	210.75
Portugal	PortugueseEscudo	227.90
Puerto Rico	U.S. $	1.4360

LONDON SHARE SERVICE

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
101 1/8	99 1/8	Exch. 11¼pc '86	99 15/16	.....	11.77	11.93
99 13/16	96¼	Treas. 10pcCnv 1986	99 13/32	.....	10.05	11.89
97¼	92¼	Treas 3pc 1986	97¼	+1/16	3.08	10.89
100	97½	Exch. 10½pc 1986	99 13/32	–1/32	10.55	11.98
101⅞	99¼	Treas 12pc 1986	100	–1/16	12.00	11.94
98 5/32	94¼	Treas 8¼pc 1984-86‡‡	98¼xd	–1/8	8.04	12.00
105 3/8	101 1/8	Exch. 14pc 1986	101 1/16	–1/8	13.80	11.97
95⅝	87¼	Exch. 2½pc 1986	95 1/16	–1/8	2.61	8.00
104 3/8	101¼	Exch. 13¼pc 1987	101¼xd	–1/16	13.08	11.97
99 13/32	96¼	Treas 10¼pcCv '87	98¼xd	–1/8	10.41	11.95
93⅝	85½	Exch 2½pc 1987	93 1/16	–1/8	2.67	8.68
100 1/16	96½	Exch. 10½pc 1987	98¼	–1/8	10.67	11.89
95 3/8	89	Funding 6½pc '85-87‡‡	94 1/16	–1/8	6.88	11.15
99 3/8	95½	Treas. 10pc 1987	97 13/16	–1/8	10.23	11.79
92⅝	84¼	Treas 3pc 1987	92 1/8xd	–1/8	3.25	8.72
102 13/16	99⅝	Treas. 12pc 1987	100 1/16	–1/4	11.98	11.68
95 1/16	90¼	Treas 7¾pc 1985-88‡‡	93⅝xd	–1/8	8.27	11.33
100 1/16	95⅞	Exch 10½pc '88	97⅞	–1/8	10.72	11.56
98¼	93¼	Treas 9¾pc Cv '88	96 1/16	–1/8	10.13	11.58
87¼	80	Transport 3pc '78-88	87½	–1/4	3.42	8.71
97¼	91½	Treas. 9½pc '88	95 1/16	–1/8	9.99	11.59
102¼	97½	Treas 11½pc 1989	99 5/16	–1/2	11.55	11.63
97 1/16	90¾	Treas 9½pc Cnv. '89	94 3/8	–1/16	10.07	11.61
84 3/8	79	Treas 3pc 1989	83 13/16	–1/4	3.57	8.67
99⅝	94	Treas 10½pc 1989	97¼	–1/8	10.81	11.52
98¼	92	Exch 10pc 1989	95 3/8xd	–1/16	10.45	11.58
101 3/8	95	Exch 11pc 1989	98¼	–1/8	11.18	11.53
86⅝	79	Treas 5pc 1986-89	85½	–1/4	5.84	9.67
40¼	38 3/8	Exch 10¼pcCv '89 (£40pd)	38 1/2	–1/8	10.56	11.19
108 13/16	103⅝	Treas 13pc 1990‡‡	105xd	–1/2	12.38	11.43
101⅝	96 13/16	Exch 11pc 1990‡‡	98½xd	–1/4	11.16	11.49
108⅝	100¼	Exch. 12¼pc 1990	103 1/8	–1/2	12.09	11.56
81 3/8	75¼	Treas. 3pc 1990	80¼	–1/4	3.71	8.39
93⅝	87¼	Treas 8¼pc 1987-90‡‡	90 13/16	–1/8	9.08	10.92
101¼	91⅞	Treas. 10pcCv 1990	94 13/16	–1/2	10.56	11.45

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
170	110	Metal Closures	144	−2	6.7	2.0	6.6	9.0
17	3	Metal Sciences 2½p	7	−1	—	—	—	—
104	63	Midland Marts	88	+2	4.0	2.1	6.5	10.5
*63½	55½	Mitchell Cotts	68½	+1	4.25	2.0	8.9	(6.9)
230	182	Morgan Crucible	220	+2	†8.0	1.6	5.2	15.3
33	18	Morris (W) F.A. 20p	22½	+1	g0.9	ϕ	3.2	ϕ
131	91	Moss (Robt.) 10p	110		†3.0	2.7	3.9	11.8
81	60	Myson Grp 10p	70	+4½	g2.5	3.4	5.1	13.3
330	214	NMW Computers	300	−15	†t4.8	2.7	2.3	23.1
43	27	Nash Inds.	30	....	0.5	—	2.4	—
48	15	Neil & Spencer 10p	18		ϕ	—	—	5.4
44	14½	Newman Inds 10p	34	..	20.9	—	1.3	(16.1)
57	26	Nolton	51	....	0.95	2.6	2.7	7.3
216	146	Norcros	199xd	+1	†8.6	2.0	6.2	10.8
67	45	Nu-Swift 5p	54	−1	†3.0	1.9	7.9	8.8
114	68	Oakwood Grp	82	−1	†d4.5	1.4	7.8	(12.0)
250	150	Office & Elect	228	−7	†7.5	2.6	4.7	11.7
108	75	[illegible] 20p	78	−3	4.0	2.6	7.3	6.9
58	36	Optometrics $0.01	36		[illegible]	—	4.4	—
525	312½	Oriflame £1	525		†23.4	1.8	4.5	12.4
18	5½	Ovenstone 12½c	8	....	g0.23d	1.9	10.4	5.1
£234	£158	Ozalid 9pc Cnv 87-92	£234	....	Q9%	—	(3.9)	—
185	98½	PCT Grp 10p	100		3.2	1.2	6.7	(24.6)
£14	850	PLM 'B' Sk 25	950	..	Q21.6%	2.9	5.2	6.7
193	114	PSM Intl	116		†p05.25	2.5	6.5	8.0
193	115	Pacer Systems $0.01	190	−3	†q3.84c	—	1.6	—
68	50	Pacific Sales 10p	65	−1	3.0	2.1	6.6	8.5
230	120	Park Place Inv 10p	230		6.25	1.9	3.9	19.3
296	165	Parker Knoll 'A'	252		9.5	2.9	5.4	9.2
238	45	Parkfield Group 5p	220xd	−8	†2.4	2.4	1.6	36.8
80	37	Pavion Intl	92	−1	—	—	—	—
£190	£101	Do 11pc CvLn '94-02	£125	....	Q11%	—	(9.1)	—
433	287½	Pearson	433	+3	†t8.5	3.0	2.8	15.4
29	12	Peek Holdings	[illegible]					

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

1985/86 High	Low	Stock
300	217	LWT
*36½	23½	Leisure Inv 10p
65	53	Leisuretime Int 10p
115	98	Lowmar
183	153	Media Tech Inv 2[illegible]
205	124	Medminster 10p
280	155	Miss World 10p
127½	68	[illegible] Leisure
39	9½	Nimslo Int 20c
27	19½	Owners Abroad
54	96	Photax (Lon.)
29	18	P'dilly Radio 'NV'
90	30	Pineapple Dnc St 1[illegible]
342	183	Pleasurama 5p
161	109	Do. 7pcCvCm[illegible]
96	77½	Pres Entertain 5[illegible]
65	18	Radio City 'A' NV
55	35	Radio Clyde N/V
63	34	Riley Leisure 10p
199	143	Saga Hols. 20p
*289	97	Samuelson Grp 20[illegible]
111	25	Sangers Photo 10[illegible]
202	130	Scantro 50p
188	128	Scot. TV 'A' 10p
508	244	SeaCo Inc $0.125
15	6	SelecTV 10p
140	8	Spectrum 5p
33	23	TSW 5p
153	108	TVS N/Vtg 10p
235	132	Television Svcs 5[illegible]
79	61	Tottenham Hotspur
105	72	Trilion 10p
160	39½	21st Century Dep[illegible]

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

1985/86 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
310	155	McFinley Red Lake	210	. .	—	—	—
335	195	Mineto Explorations	210	−5	—	—	—
55	23	New Sabina Res C$1	42	+1	—	—	—
375	195	Northgate C$1	258	+1	—	—	—
685	507	RTZ	513	−7	†20.0	2.8	5.6
£145½	£114½	Do. 9½pcLn '95-2000	£116	.....	Q9½%	14.0	8.5
980	812	Tara Explo $1	836	+11	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend; cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	102	..
Craig & Rose £1	800	..
Finlay Pkg. 5p	45	....
Holt (Jos) 25p	700	....
IoM Stm. £1	67	..
IRISH		
Fund 11¼% 1988	£98	...
Nat. 9¾% 84/89	£93¼xd	...
Fin. 13% 97/02	£104¾	....
Arnotts	230	..
CPI Hldgs	60	....
Carroll Inds.	158	....
Dublin Gas	78	....
Hall (R. & H.)	50	.....
Helton Hldgs.	25	.....
Irish Ropes	47xd	....
Unidare	133	....

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LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 9	Dec 19	Dec 20	Jan 6
Dec 23	Jan 9	Jan 10	Jan 20
Jan 13	Jan 23	Jan 24	Feb 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

Record equity run brought to a halt

FT index loses 7.8 at 1141.8

A continuation of Friday's run to record levels was reversed midway through the morning trade in London and the FT Ordinary share index gradually gave up an early gain of 6.6 to close the day 7.8 down on balance at 1,141.8. Negative factors included slightly harder domestic interest rates, uncertainty about oil prices and disappointment over the absence of any reduction in the Federal Reserve Discount rate.

The chief reason for the easier tone, however, was the lack of institutional interest in a market described as having developed froth over the year-end period on limited turnover. Those fund managers back at their desks after an extended holiday break were often reluctant to make investment decisions and preferred to defer judgment until the next trading Account, which begins on Monday.

Smaller investors initially took note of further bullish comment on the outlook this year for equities. Wall Street's brighter trend on Friday was another boost together with news of record UK building society receipts. Business during the opening spell was fairly brisk but completion of the buying order from private clients and other sources brought a reaction. Thereafter values backtracked in thin trading before steadying towards the close.

Rising short-term interest rates also affected Gilt-edged securities. Conventional stocks of both short and longer life fell around ½ in a market bereft of confidence following adverse comment regarding the exchange rate's vulnerability to oil price scares. Sterling recovered to end only slightly easier against the dollar but neither traders nor investors showed much enthusiasm awaiting the December money supply statistics, due to be announced at 2.30 pm today. Index-linked Gilts sustained similar losses, still reflecting the prospect of lower inflation by the year end.

GA share placing

General Accident slipped 7 to 733p following a vendor placing of 14.3m shares at 707p per share to finance the $143.6m acquisition of Pilot, a Canadian property and casualty insurance company. Among other Composite Insurances, GRE continued to respond to the acquisition of the Ladbroke Motor company and rose a further 13 to 753p, while Royals advanced 18 to 825p following favourable Press comment. The encouraging new premium income figures continued to boost Life Insurances although closing levels were generally a few pence below the best. Legal and General finished 7 higher at 754p, after 762p, while Prudential settled 10 firmer at 814p, after 819p. Among Lloyd's brokers, Hogg Robinson were quoted ex rights and rose 8 to 280p; the new nil paid shares opened at 30p premium and moved up to 40p premium. C. E. Heath gained 10 to 672p and Willis Faber rose 11 to 828p.

Profit-taking in the wake of the preliminary results left First National Finance Corporation a couple of pence off at 168p. On the other hand, Provident Financial responded to favourable comment with a gain of 7 at 323p.

Yesterday saw the start of dealings in the reorganised International Business Communications, formerly RTD Group; the shares, placed at 75p, touched 80p before settling at 78p.

Distillers became a volatile market in the late dealings as investors took positions ahead of the statement, expected today, regarding the possible reference of Argyll Group's bid to the Monopolies Commission. A flurry of support lifted Distillers to 501p at one stage, but this prompted profit-taking and the close was a couple of pence cheaper on balance at 493p. Leading Breweries failed to capitalise on a promising start. Bass, up to 680p following confirmation of the purchase of Ladbroke Machine Services, reverted to the pre-weekend level of 675p. Scottish and Newcastle, however, met fresh interest and put on 3 to 173p, after 174p.

French Kier fluctuated narrowly around Friday's closing level of 267p before moving ahead sharply after-hours to finish a net 18 higher at 285p: C. H. Beazer launched a "tea-time" raid at that price, which netted 3.4m FK shares, and has amended the terms of its offer for FK to include a cash alternative of 285p. Beazer settled 6 lower at 470p.

The majority of leading Building issues continued to reflect recent optimistic forecasts for the sector, but RMC remained a dull market on reports that the company's pricing policy was under investigation by the OFT and shed 4 more to 458p. Elsewhere, George Wimpey firmed 5 to 130p in reply to an investment recommendation, while Taylor Woodrow rose 11 to 503p. Press cmment stimulated support for Robert M. Douglas, up 17 at 90p, and Bett Brothers, 9 higher at 81p. Derek Crouch moved up 10 to 138p on speculative interest and A. Monk improved 5 to 114p.

ICI were boosted initially by Press comment and touched 775p but, in the absence of follow-through support, drifted off to close 5 cheaper on the day at 760p. Other Chemicals made selective progress. Laporte revived with a gain of 7 at 355p and Brent firmed 4 to 118p. Ellis and Everard hardened a couple of pence to 178p following the interim results and confident statement, while Allied Colloids rose 7 to 177p in reply to Press comment.

Stores give ground

Selectively firm at the outset, leading Stores soon encountered scattered offerings and subsequently gave ground. Sears, the subject of favourable Press comment, opened higher at 117p but later eased to 112p, a net fall of a penny. British Home Stores and Habitat Mothercare, firm on Friday following news that the proposed merger would not incur a Monopolies Commission reference, were both marked 8 lower to 332p and 460p respectively. Marks and Spencer, up to 177p initially, finished 4 off on balance at 172p.

Leading Electricals showed little alteration on the day with the exception of Racal which responded to favourable Press mention and touched 180p before settling 6 firmer on balance at 178p. Elsewhere, AB Electronic, the subject of recent newspaper comment, rallied 17 more to 225p. News of the proposed restructure of Computerworld left Apricot a couple of pence dearer at 70p, but profit-taking clipped 6 from Lec Refrigeration, at 247p.

Secondary Engineers recorded several noteworthy movements. Stothert and Pitt, reflecting favourable Press mention, closed 14 higher at 203p, but disappointing interim results prompted a fall of 10 to 275p in Carclo. Revived demand lifted Desoutter 10 to 177p, while RHP edged up 4 to 126p and Ratcliffs (GB) improved 5 further to 127p. Westland, in contrast, eased a couple of pence to 83p; the company issued a circular yesterday strongly recommending shareholders to accept the improved terms from UTC/Fiat.

The withdrawal of speculative support in the absence of any further bid developments left United Biscuits 10 lower at 227p and the warrants the same amount down at 97p. The tin crisis continued to depress S. and W. Berisford, 4 off at 159p, while profit-taking clipped 8 from Tate and Lyle at 540p. Elsewhere in the Food sector, Fitch Lovell gained 13 to 268p in reply to speculative demand, while Fyke Holdings rose a further 15 to 440p on hopes of a full bid from Glen International.

Beecham lower

Beecham encountered further occasional selling and drifted off to close 12 cheaper at 341p. Other leading miscellaneous issues were inclined harder initially, but lack of follow-through support left closing quotations with small net losses. Pilkington, up to 342p on favourable Press comment, settled only a penny firmer on balance at 338p. Elsewhere, newspaper comment stimulated interest in Myson, 4 to the good at 70p, Wolseley-Hughes, 15 higher at 447p, and Blue Arrow, up 8 more at 213p. Profit-taking left Office and Electronic 7 lower at 228p and Reuters 4 down at 355p, but buyers continued to show interest in Cookson, which firmed 10 more to 388p. Diploma rose 10 to 297p following the annual meeting, while a newspaper recommendation prompted a rise of 8 to 184p in Vinten.

Travel issues attracted good support following reports of strong demand for package holidays. Horizon featured with a gain of 7 at 100p, while Saga firmed 4 to 199p. Elsewhere in the Leisure sector, Barr and Wallace Arnold Trust "A," a rising market recently on take-over hopes, shed 14 to 130p in the absence of any developments.

Further reports of booming US sales lifted Jaguar 5 more to 350p. Lucas Industries, a buoyant market of late following a number of recommendations, touched a new peak of 517p before settling just 3 to the good on balance at 511p.

Publishers displayed modest gains where altered. Associated Newspapers, scheduled to reveal preliminary figures on Thursday, hardened 10 to 920p, while the associate Daily Mail "A" advanced ⅞ to £12½. Occasional interest was also evident for Associated Book, finally 7 to the good at 212p. Similar conditions prevailed among Paper/Printings. British Printing and Communication led the way with a gain of 5 to 209p. Elsewhere, Valin Pollen, due to announce full-year figures this Thursday, were marked 40 higher to 500p after Press comment. Craton Lodge followed up last Friday's speculative advance of 22 with a fresh gain of 5 to 138p, while Hoggett Bowers, annual results due tomorrow, closed 5 dearer at 56p.

The Property leaders began with a flourish, but subsequently drifted back to close below the best. Land Securities were finally a penny dearer at 303p, after 305p. New Year investment recommendations prompted support for Brixton Estate, a couple of pence dearer at 156p and Sheraton Securities, 1½ to the good at 24½p.

Imps fell 10 to 248p awaiting fresh developments in the bid situations with prospective merger partner United Biscuits, and unwelcome suitor Hanson Trust.

Among Financials, further consideration of the offer from Harvard Securities lifted United Computer and Technology 12 for a two-day improvement of 37 to 107p; Harvard now controls just under 30 per cent of UCT's equity.

Lasmo retreat

A firm showing by spot oil markets failed to prevent a general decline in the oil sector. The big two — BP and Shell — were a shade easier at 557p and 667p respectively. LASMO were a weak market and dropped 20 to 215p following news that shareholders had approved the proposed exchange of a 25 per cent interest in LASMO for RTZ's 29.9 holding in Enterprise Oil with a proviso that RTZ does not launch a full-scale offer for LASMO for two years. Tricentrol were persistently sold and ended the session 12 lower at 176p while Britoil slipped 3 to 205p. Burmah moved against the trend and posted a 9 rise at 276p reflecting revived take-over speculation.

Second-line issues provided a feature in Goal Petroleum, which gave up 4 to 42p, with the "new" 4 down at 11p premium.

South African sectors of mining markets enjoyed a day of good gains and increased turnover as the dollar lost ground and bullion edged higher. De Beers continued to attract persistent buying interest from Johannesburg amid talk of much-improved diamond sales last year to settle a further 18 to the good at 358p — a rise of 45 over the past four trading days. South African Golds were a firm market from the outset of business. Dealers reported increased interest from Johannesburg and most of Continental dealing centres which saw share prices improved before easing a shade in the after-hours' trade.

The Gold Mines index rose 9.8 more to 267.4 for a five-day gain of 27.6.

The best performances in Golds came from top quality issues where rises in the region of £1½ were common to Southvaal, £22⅞, Vaal Reefs, £44⅜ and Randfontein, £50⅞.

A buoyant Financials sector showed "Amgold" £2½ higher at £42, Anglo American Corporation 10 firmer at 780p and Gold Fields of South Africa 28 to the good at 781p. London-based stocks, however, failed to arouse much enthusiasm. Consolidated Gold Fields added a few pence at 455p, helped by the strong showing by golds, but Rio Tinto-Zinc drifted on lack of interest, despite a New Year Press recommendation, and finished the day 7 cheaper at 513p.

Another improvement in Sydney and Melbourne markets overnight prompted widespread London support for Australian mines. Keywest Investments featured with a rise of 6 to 77p following news of the proposed consolidation of the shares from 10 cents to A$1 plus a one-for-one scrip, while the leading diversified stocks were highlighted by CRA, 8 up at 274p, and North Broken Hill, which put on 9 to 122p. Renison advanced 5 to 237p. Golds were less active but still managed to record useful rises.

Elsewhere, Malaysia Mining Corporation jumped 6 to 28p in response to favourable comment in the weekend Press.

Traded options

The Traded Option market experienced its best session for some time. Total contracts done amounted to 16,007. Distillers attracted a lively and evenly-balanced business with 541 calls and 698 puts struck as operators hedged against a Monopolies Commission reference. Lonrho again took the lion's share of business, however, with 2,344 calls transacted.

NEW HIGHS AND LOWS FOR 1985/86

NEW HIGHS (105)
BRITISH FUNDS (1). COMMONWEALTH & AFRICAN LOANS (1). AMERICANS (3). BANKS (3). BREWERS (1). BUILDINGS (8). CHEMICALS (3). ELECTRICALS (2). ENGINEERING (11). FOODS (3). HOTELS (1). INDUSTRIALS (11). INSURANCE (6). LEISURE (2). MOTORS (4). PAPER (4). PROPERTY (7). TEXTILES (1). TRUSTS (31). OILS (1). OVERSEAS TRADERS (1).

NEW LOWS (24)
BRITISH FUNDS (11) Exchqr. 14pc 1986, Exchqr. 13¼pc 1987, Exchqr. 10¼pc Cnv. 1989 (£40 pd) Treas. 2½pc IL 2001, Treas. 2½pc IL 2003, Treas. 2pc IL 2006, Treas. 2½pcIL 2009, Treas. 2½pc IL 2011, Treas. 2½pc IL 2013, Treas. 2½pc IL 2016, Treas. 2½pc IL 2020. INT. BK. & O'SEAS GOVT. STLG. ISSUES (2) Finland 14½pc Ln. 1986, Malaysia 10¼pc Ln. 2009. LOANS (1) Nationwide 11¾pc 11.8.86. AMERICANS (1) Damson Oil. CANADIANS (1) Bow Valley. BANKS (1) King & Shaxson. BUILDINGS (1) Access Satellite. MOTORS (1) Reliant Motor. OILS (3) Cons. Intl. Petroleum Corp., E.R.I.C., LASMO "Ops." OVERSEAS TRADERS (1) REA Hldgs. PLANTATIONS (1) Bertam.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 6	Jan 17	Apr 10	Apr 21
Jan 20	Jan 31	Apr 24	May 6
Feb 3	Feb 14	May 8	May 19

For rate indications see end of Unit Trust Service

Stock favoured for the call included Acorn Computer, Amstrad, Aquarius, Barratt Developments, Lonrho, Hongkong and Shanghai Banking, Sears, West Coast, Cadbury Schweppes, Pavion, Sunleigh, Abaco Investments, Desoutter, C. H. Bailey, Shaw Carpets, STC, Barker and Dobson, General Accident, Dubilier, Kia Ora and A. B. Electronics. A put was taken out in British Benzol, while double options were struck in Telemetrix and NSS Newsagents.

RISES AND FALLS YESTERDAY

FINANCIAL TIMES STOCK INDICES

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

YESTERDAY'S ACTIVE STOCKS

FRIDAY'S ACTIVE STOCKS

EUROPEAN OPTIONS EXCHANGE

LONDON TRADED OPTIONS

WORLD STOCK MARKETS

AUSTRIA

Dec. 30	Price Sch%	+ or —
Credit'nst'lt ppd	428	......
Goesser..	614	......
Interunfall	1,490	+15
Jungbunzlauer*.	42,000	+200
Laenderbank *	2,030	......
Perlmooser	745	—5
Steyr Daimler	167	+6
Veitscher Mag...	998	+42

BELGIUM/LUXEMBOURG

Jan. 6	Price Frs.	+ or —
B.B.L.	2,400	—30
Banq. Gen. Lux..	9,600	......
Banq. Int.A.Lux	9,500	+100
Bekaert	8,600	—210
Ciment CBR	2,850	+25
Cockerill	180	—2
Delhaize	8,400	—100
EBES	3,860	......
Electrobel	10,775	+275
Fabrique Nat.	2,055	+45
GB Inno BM	4,880	—40
GBL (Brux)	2,530	+150
Generale Bank...	4,600	+130
Gevaert	4,900	+150
Hoboken	6,840	+140
Intercom	3,000	+80
Kredietbank	10,100	+170
Pan Hldgs	9,930	......
Petrofina	6,490	—60
Royale Belge	17,350	......
Soc. Gen. Belge	2,190	......
Sofina	8,250	—300
Solvay	6,260	+130
Stanwick Intl	1,100	......
Tractionel	4,905	+95
UCB	5,400	+50
Wagons Lits	3,840	+135

DENMARK

Jan. 6	Price Knr %	+ or —
Andelsbanken	416	—3
Baltica Skand	580	......
Cop Handelsb'nk	337xr	—5
D. Sukkerfab	465	......
Danske Bank	389	—5
De Danske Luft.	1,480	......
East Asiatic	262	+2
Forenede Brygg.	1,075	......
Forenede Damp.	229	......
GNT Hld	645	......
I.S.S.B.	615	+10
Jyske Bank	830	......
Novo Inds	1,300	+10
Privatbanken	328	—5
Provinsbanken	463	—5
Smidth (F.L.) B	320	—1
Sophus Berend	980	......
Superfos	319	—7

FRANCE

[illegible]

GERMANY

Jan 6	Price Dm.	+ or —
AEG	265	—5
Allianz Vers	2,450	—50
BASF	286	+2
Bayer	296	—0.5
Bayer.Hypo	375	+20
Bayer-Verein	565	......
BHF-Bank	550	+3
BMW	500	+17
Brown Boveri	297	+4.5
Commerzbank	367	+0.5
Cont'l. Gummi	179.4	+12.8
Daimler-Benz	1,300	+39
Degussa	447.5	+9.5
D'sche Babcock.	220	—2
Deutsche Bank	907	—13
Dresdner Bank	466.5	+3
GHH	260	—8
Henkel	425	+1
Hochtief	785	+15
Hoechst	297.2	—0.3
Hoesch Werke	183	+3
Holzmann (P)	515	—10
Horten	220	—4
Hussel	472	......
Karstadt	347	—11
Kaufhof	362	—6
KHD	340	+4
Kloeckner	102.5	+9.5
Linde	648	—14.5
Lufthansa	240	+7
MAN	240	—5
Mannesmann	292.9	......
Mercedes Hld	1,145	+20
Metallgesell	357.5	—5.5
Muench Rueck	3,410	......
Nixdorf	572	+12
Porsche	1,280	+20
Preussag	257.5	+2.5
Rhein West Elect	208.3	+5.3
Rosenthal	365	+12
Schering	650	......
Siemens	759.5	—0.5
Thyssen	186.5	+8.8
Varta	299.5	+3.5
Veba	303.5	+3.5
V.E.W.	145	+3
Verein-West	430	+2
Volkswagen	522	+22.5

ITALY

Jan. 3	Price Lira	+ or —
Banco Com'le	24,100	+400
Bastogi-IRBS	486	+6
Centrale	3,695	+31
C.I.R.	6,380	......
Credito Italiano	3,212	+61
Fiat	5,962	+17
Generali Assicur.	77,300	+300
Italcementi	50,550	+1,550
La Rinascente	966	+5
Montedison	2,876	+106
Olivetti	8,749	+39
Pirelli Co	6,295	+40
Pirelli Spa	3,499	—21
Saipem	6,885	+75
Snia BPD	5,500	+85
Toro Assic.	[illegible]	[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

CANADA

TORONTO

Prices at 2.30pm January 6

[illegible]

NEW YORK

Indices

[illegible]

NYSE COMPOSITE PRICES

Continued from Page 37

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 37

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES		
Bett Bros	81	+ 9
Blue Arrow	213	+ 8
Burmah Oil	276	+ 9
Cookson	388	+10
De Beers Defd	358	+18
Desoutter Bros	177	+10
Douglas (Robt M)	90	+17
French Kier	285	+18
Hogg Robinson	280xr	+ 8
Hoggett Bowers	56	+ 5
Horizon Travel	100	+ 7
Keywest Invs	77	+ 6
Pyke Hldgs	440	+15
Racal Elect	176	+ 6
Royal Ins	825	+18
Stothert & Pitt	203	+14
Utd Comp & Tech	107	+12
Valin Pollen Int	500	+40
Vinten	184	+ 8

FALLS		
Tr 11¾% 1989	£99⅝	— ½
Tr 13½%2004-08	£125¾	— ⅜
Tr 2½% IL 2013	£83¾	— ½
Beecham	341	—12
Berisford (S&W)	159	— 4
Carclo Eng	275	—10
General Acc	733	— 7
Imperial	248	—10
Lasmo	215	—20
United Bisc	227	—10

Prices at 3pm, January 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27	16	AAR	.56	2.1	17	133	u27⅝	27	27¼	+⅛
24½	10¼	AGS			19	349	u24⅝	24⅛	24⅝	+¼
15⅝	9⅞	AMCA				23	11¼	11⅛	11⅛	
50¾	33½	AMR			7	3597	40	39¼	39⅞	−⅛
24¾	18⅝	AMR pf	2.18	9.3		5	23⅝	23⅜	23⅜	
16¼	9⅝	ARX			14	106	14⅞	14⅜	14¼	−¼
55⅝	32¼	ASA	2a	5.7		435	35⅝	34⅞	35⅛	+⅛
27	10½	AVX		2.3		102	14⅜	14⅛	14⅛	−¼
26⅛	20⅝	AZP	2.72	10.	8	2273	27	26⅝	26¾	−⅛
72	39⅞	AbtLab	1.40	2.1	18	767	68⅝	67¾	68⅛	−¼
26⅝	19⅝	AccoWd	.50	1.9	19	42	26⅜	26¼	26⅜	+⅛
24¾	10	AcmeC	.40	2.9	20	381	14⅛	13½	14	+½
10½	7	AcmeE	.32b	3.9	13	1	8¼	8¼	8¼	−⅛
19¾	15½	AdaEx	1.92e	9.7		118	19¾	19⅝	19¾	
22¾	14	AdmMl	.40	1.8	9	18	22⅛	21⅞	22	−⅜
18⅝	8¾	AdvSys	1.36t	7.8	16	x57	17⅜	16½	17⅜	+⅝
36⅝	22⅞	AMD			41	2307	28⅞	27¾	28	−¾
12⅝	10⅝	Adobe n				376	12⅝	12¼	12⅝	+⅛
18	14⅝	Adob pf	1.84	10.		6	17⅞	17⅝	17⅞	+⅛
18	15¼	Adob pf	2.40	13.		61	18	17⅝	18	+¼
14⅝	7¾	Advest	.12a	.9	19	215	13½	13	13⅜	+¼
53½	36¼	AetnLf	2.64	5.0	17	6733	53¼	52⅝	53	−¼
57½	52½	AetL pf	5.19e	9.7		11	53⅝	53¼	53¼	−⅛
49	24⅝	Ahmns	1.20	2.4	8	2249	u49½	47⅞	49¼	+1
3⅝	2½	Aileen				128	3½	3⅛	3½	+⅜
68¼	44½	AirPrd	1.48	2.3	14	421	65⅝	64¼	65⅜	+⅞
24⅜	17½	AirbFrt	.60	3.1	11	147	19½	18⅞	19¼	+⅛

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18 5/8	11 3/4	Nicolet .12		.8	15	71	14 7/8	14 1/2	14 5/8	−1/4
33 7/8	19	NICOR 3.04		13		1613	23 1/4	23	23 1/8	−1/8
16 1/2	12 7/8	NoblAf .12b		.9	16	8 142	13 5/8	13 1/2	13 1/2	−1/4
17 1/8	10 1/2	NordRs			8	156	14	13 3/4	13 7/8	
81 5/8	58	NorfkSo 3.40		4.2	10	450	81 5/8	81	81 1/4	−1/4
19 3/8	3 5/8	Norlin				128	5 5/8	5 1/4	5 1/2	+1/8
31	17 1/4	Norstr s1.28		4.6	11	175	27 7/8	27 1/2	27 5/8	−1/4
53 1/2	44	Norstr pf4.19e		8.5		7	49 1/2	48 1/2	49 1/2	−1/2
19	13 3/4	Nortek .08		.5	8	270	15 1/8	14 5/8	14 3/4	−3/4
72 1/4	47 1/2	NACoal 1.10		1.6	9	10	70 1/8	69 3/4	69 7/8	+1/8
45 1/4	31 5/8	NAPhil 1		2.6	11	37	38 1/2	37 7/8	37 7/8	−7/8
20 1/8	13 5/8	NEurO 1.90e		11.	9	121	17 5/8	17	17 1/4	+3/8
18 3/4	13 3/4	NoestUt 1.58		8.8	6	1408	17 7/8	17 5/8	17 7/8	+3/8
12 7/8	8 5/8	NIndPS 1.56			10	3551	10 3/8	10	10 1/4	+1/4
54 3/4	41 1/8	NoStPw 3.52		6.7	9	136	53	52 5/8	52 1/2	−1/4
43	32 7/8	NSPw pf4.10		10.		z110	40 1/2	40 1/2	40 1/2	−1
47 1/2	36 3/4	NSPw pf4.56		9.9		z200	47	46	46	+1
41 1/8	31 1/4	NorTel .50				1252	33 1/2	33	33 1/4	−1/8
4 7/8	2 7/8	Nthgat g				420	3 5/8	3 1/2	3 1/2	−1/8
56 3/8	31 5/8	Nortrp 1.20		2.6	9	279	46 1/2	46	46 3/8	+3/8
14 1/2	8	NwStW				238	14 1/4	13 7/8	14	
40 3/4	33	Norton 2		5.2	14	67	38 1/8	37 5/8	38 1/8	−1/8
32 1/8	22 3/8	Norwst 1.80		5.6	9	316	32	31 3/4	31 7/8	+1/8
35	23 1/8	Novo .26e		.9	12	309	29	28 3/8	28 3/4	−1/4
56 3/4	37 1/8	Nucor .40		.7	14	85	54 3/4	54 1/4	54 1/4	+1/4
6 3/8	3	NutriS .08j				349	5 5/8	5 1/8	5 5/8	+1/2
98 1/2	72 7/8	NYNEX 6.40		6.5	9	490	98 1/8	97 1/2	98	
O O O										
3	1 1/8	OakInd				838	2 1/8	1 7/8	1 7/8	−1/8

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14	10 1/4	URS .40		3.1	15	502	12 7/8	12 3/4	12 7/8	
41 1/2	25 1/2	USFG 2.20		5.5		990	40 1/4	38 3/4	40 1/8	
50 3/8	29 1/2	USG s 1.68		3.3	8	383	50 3/8	50	50 3/8	
19 3/8	12 7/8	UniFrst .20		1.2	16	46	17 3/8	17	17 3/8	+1/2
149 1/2	85 1/4	UniNV 4.30e		2.9	15	212	u149 5/8	148 1/2	149 1/8	+5/8
42 5/8	33 1/4	UCamp1.64		4.1	17	496	39 7/8	38 1/2	39 7/8	+1/4
75 3/4	38	UnCarb3.40		4.5		8042	u76 1/8	74 3/4	74 3/4	−1/4
8 1/8	4 5/8	UnionC				172	8 1/8	7 7/8	8	
21 7/8	15 5/8	UnElec1.84		8.7	7	977	21 3/8	21 1/8	21 1/4	
43	30	UnEl pf4.56		11.		z190	42 1/2	42 1/2	42 1/2	+1
34 3/4	29	UnEl pfM 4		12.		38	34	33 3/4	33 7/8	−1/4
28 5/8	21 3/4	UnEl pf2.98		11.		15	27 3/4	27 1/2	27 1/2	−1/4
21 5/8	16 3/8	UnEl pf2.13		10.		9	21 3/8	21	21	−1/8
72 1/2	58	UEl pfH 8		11.		z380	72	71	72	+1 3/4
24	17 1/8	UnExp n.41e		2.2		539	18 1/2	18 1/4	18 3/8	
55 1/4	40 5/8	UnPac 1.80		3.3	13	1398	54 5/8	53 3/4	53 3/4	−1/2
118 1/4	92 3/4	UnPc pf7.25		6.2		38	117 5/8	117 1/4	117 1/4	−1/4
74	50	Unryl pf 8		11.		z3980	71 3/4	71	71 3/4	+3/8
5 3/4	2 1/4	UnitDr				22	2 5/8	2 5/8	2 5/8	
27 7/8	10 1/2	UnBrnd.05e		.2	14	14	27 3/8	27	27	−1/2
20 3/4	10 3/4	UBrd pf				7	19 1/2	19 1/2	19 1/2	
36 1/2	20	UCbTVs.10		.3	56	35	35 3/8	35 1/4	35 1/4	−3/8
28 5/8	14 3/4	UIllum 2.32		8.3	5	164	28	27 5/8	27 7/8	−1/8
30 5/8	24 7/8	UIllu pf3.97		13.		17	29 3/4	29 1/2	29 1/2	−1/4
32 1/4	26 1/8	UIllu pf 4		13.		4	30 7/8	30 1/2	30 1/2	+1/4
15 1/2	12	UIllu pf1.90		13.		27	15	14 7/8	14 7/8	−1/8
25 7/8	17 1/2	UnitInd.60b		2.4	10	338	25	24 3/4	24 7/8	+1/4
38	21 1/4	UJerB s1.16		3.3	11	58	35 7/8	35 1/2	35 1/2	−1/2
19 5/8	11 5/8	UtdMM				92	19 5/8	19 1/4	19 1/4	−3/8
3 7/8	2	UPkMn			1	18	3 1/8	3 1/8	3 1/8	
38 1/2	27 1/4	UsairG .12		.3	8	2063	35 3/8	34 5/8	35	−5/8
8 7/8	5	USHom				945	6 1/8	5 7/8	6	−1/8
42 1/2	31 1/2	USLeas .80		2.0	12	195	41 1/4	40 1/2	40 1/2	−1/2
45	24 5/8	USShoe .92		2.2	13	509	42 3/4	42	42 3/4	+1 1/8
33	24 5/8	USSteel1.20		4.6	25	3024	26 5/8	25 3/4	26	−1/2
56 1/8	50	USStl pf5.81e		11.		103	53 3/4	53 1/4	53 1/4	−3/8
33	25 7/8	USStl pf2.25		7.9		259	28 7/8	28	28 1/2	
39 7/8	29 1/2	USTob 1.72		5.0	11	418	34 1/2	33 3/4	34 1/8	−7/8
89	68 1/2	USWest5.72		6.5	9	324	88 5/8	88 1/4	88 3/8	−1/8
11 3/4	6	UnStck			13	3	9 1/4	9 1/4	9 1/4	−1/4
46 1/2	35 1/4	UnTech1.40		3.1	30	2405	45 5/8	44 3/4	45 1/8	
39 1/4	31 7/8	UTch pf2.55		6.8		273	37 1/4	36 1/2	37 1/4	+1/4
25	20 1/8	UniTel 1.92		8.1	10	1086	23 7/8	23 1/2	23 3/4	−1/8
23 1/8	15 5/8	UWR 1.28		5.5	18	50	u23 3/8	23	23 1/4	+1/8
32 1/2	17 3/4	Unitrde .20		.9	22	44	21 7/8	21 1/2	21 1/2	−1/2
25 1/2	16 1/4	Univar .80		3.2	13	83	25	24 3/4	24 3/4	−1/8
30 5/8	23	UnivFd1.12		3.8	12	51	29 3/4	29 1/2	29 1/2	−1/2
24 1/2	19	UnLeaf 1		4.1	9	160	24 1/4	24	24 1/4	+1/8
53	26 1/8	Unocal1.20b		4.3	7	x888	27 3/4	27 1/2	27 5/8	+1/8
141 1/2	67 3/8	Upjohn2.80		2.2	21	1308	128 7/8	126 3/4	127	−7/8
43	32 1/2	USLIFE1.12		3.0	10	214	37 1/2	37	37 1/8	−1/4
11	9 1/4	UslfeFd1.08a		9.9		46	10 7/8	10 3/4	10 7/8	+1/8
26 7/8	21	UtaPL 2.32		9.0	13	358	25 3/4	25 1/2	25 3/4	+1/4
28 3/4	24	UtPL pf2.90		10.		26	28 1/8	27 3/4	28 1/8	+1/4
21 1/8	17	UtPL pf2.04		9.8		4	20 7/8	20 7/8	20 7/8	+1/4
27	19 3/4	UtilCo 1.40b		6.1	8	119	23 1/2	23	23	−1/4
23	19 5/8	UtilCo pf2.44		10.		8	u23 1/4	22 3/4	23 1/4	+3/4
24 3/4	20 1/2	UtilCo pr2.61		11.		5	24 3/4	24 1/2	24 3/4	+1/2
35 3/4	31 3/4	UtilCo pf4.13		12.		3	35 3/4	35 1/2	35 3/4	+1/4
V V V										
54	26 3/8	VF Corp1.28		2.5	12	91	52 1/8	51 1/2	51 5/8	−5/8
14 3/4	6	Valero			157	1104	14 1/4	13 7/8	14 1/8	+1/8
25 5/8	15 5/8	Valer pf3.44		14.		32	25 1/2	25 1/8	25 3/8	
3 1/8	2 1/4	Valeyln				35	2 5/8	2 1/2	2 1/2	
30 1/8	19 5/8	VanDrn 1		3.4	9	20	29 3/4	29 5/8	29 5/8	−1/8
5 3/4	2 3/4	Varco				20	4 5/8	4 3/8	4 5/8	+1/4
42 5/8	22 1/2	Varian .28		.9	23	900	28 1/4	27 1/4	27 1/2	−5/8
15 1/4	9 7/8	Varo .40		2.8	40	30	14 3/8	14 1/8	14 1/4	−1/8
25 3/8	13	Veeco .40		2.2	19	123	18 1/8	17 3/4	18 1/8	
12	3 3/4	Vendo			17	43	10 7/8	10 3/4	10 3/4	
12 7/8	9 7/8	VestSe1.20a		10.		46	11 7/8	11 3/4	11 3/4	−1/8
13 1/2	11 3/8	Vestrn n			14	285	13	12 3/4	12 7/8	−1/8
66 1/4	32 1/2	Viacom .48		.8	22	488	57 3/8	56 1/4	56 1/2	−1/4
49 1/2	40 1/2	VaEP pf 5		10.		z100	u50	50	50	+1
88	68	VaEP pf8.84		10		z150	87 1/2	87	87	−1/2
95	74	VaEl pf 8.60		9.2		z20	93 1/2	93 1/2	93 1/2	
77 3/8	60	VaE pfJ7.72		10.		z100	76 1/8	76 1/8	76 1/8	
74	56	VaEP pf7.20		10.		z180	71	71	71	−1
75	58	VaEP pf7.45		9.9		z50	u75 1/4	75 1/4	75 1/4	+7/8
24	10 3/4	Vishay s				11	23 7/8	23 3/4	23 3/8	−1/8
85	33 1/2	Vornad			25	3	70 1/4	70 1/4	70 1/4	
91	65 1/2	VulcnM2.80		3.1	14	13	90 3/4	90 1/2	90 1/2	−1/2
W W W										
31 5/8	26	WICOR2.42		8.0	9	27	30 1/2	30 1/8	30 1/8	−3/8
27 3/4	16 1/2	Wackht .60		2.2		65	27 3/8	26 7/8	26 7/8	−1/8
10 3/4	6	Wainoc				312	7 5/8	7 1/4	7 3/8	−1/8

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Continued on Page 35

Sales figures are unofficial; Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, January 6

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

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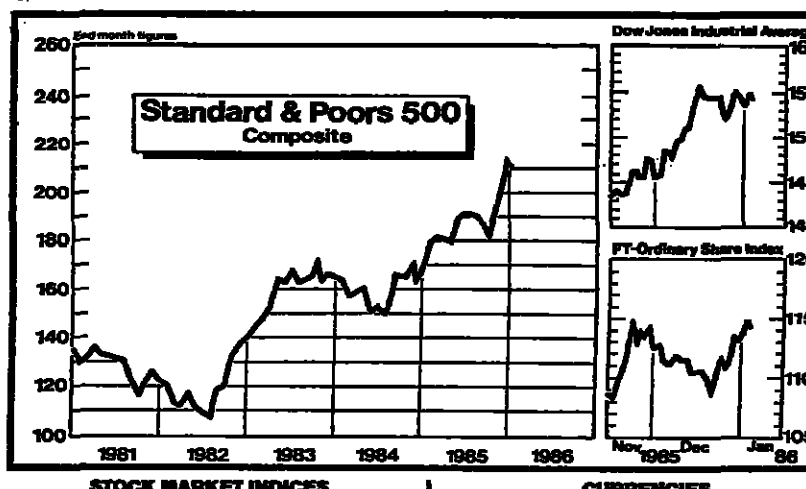
Continued on Page 35

FINANCIAL TIMES

WORLD STOCK MARKETS

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Jan 6	Previous	Year ago
DJ Industrials	1,546.33*	1,549.2	1,184.89
DJ Transport	696.94*	702.99	553.03
DJ Utilities	176.14*	175.88	146.54
S&P Composite	210.54*	210.88	163.68
LONDON	Jan 6	Prev	Year ago
FT Ord	1,141.8	1,149.6	955.7
FT-SE 100	1,424.1	1,429.8	1,214.6
FT-A All-share	689.86	690.8	590.93
FT-A 500	755.60	758.08	649.17
FT Gold mines	257.4	257.6	445.3
FT-A Long gilt	10.54	10.47	10.46
TOKYO			
Nikkei	13,053.79	13,083.18	11,558.1
Tokyo SE	1,040.9	1,047.08	916.93
AUSTRALIA			
All Ord.	1,026.0	1,020.4	721.4
Metals & Mins.	502.7	500.3	400.5
AUSTRIA			
Credit Aktien	closed	119.6	59.09
BELGIUM			
Belgian SE	2,820.76	2,800.96	—
CANADA	Jan 6	Prev	Year ago
Toronto			
Metals & Minls	2,075.8*	2,079.94	1,896.0
Composite	2,869.9*	2,881.4	2,353.7
Montreal			
Portfolio	139.77*	140.6	117.0
DENMARK			
SE	235.82	235.96	160.36
FRANCE			
CAC Gen	277.3	273.5	181.4
Ind. Tendance	108.7	103.8	100.6
WEST GERMANY			
FAZ-Aktien	682.91	676.74	382.53
Commerzbank	2,049.9	2,025.9	1,112.7
HONG KONG			
Hang Seng	1,796.59	1,791.23	1,262.30
ITALY			
Banca Comm.	closed	480.35	229.91
NETHERLANDS			
ANP-CBS Gen	265.9	262.6	187.1
ANP-CBS Ind	254.6	253.2	149.0
NORWAY			
Oslo SE	394.98	393.24	293.19
SINGAPORE			
Straits Times	621.28	616.62	795.72
SOUTH AFRICA		Prev	Year Ago
JSE Golds	–	1,207.2	917.7
JSE Industrials	–	1,072.1	928.9
SPAIN			
Madrid SE	closed	100.83	104.55
SWEDEN			
J & P	closed	1,799.16	1,390.23
SWITZERLAND			
Swiss Bank Ind	615.3	608.3	389.9
WORLD	Jan 3	Prev	Year ago
Capital Int'l	257.0	256.6	184.8

GOLD (per ounce)

	Jan 6	Prev
London	$328.25	$327.50
Zürich	$328.10	$326.75
Paris (fixing)	$329.21	$326.70
Luxembourg	$327.70	$326.00
New York (Feb)	$329.80*	$330.00

* Latest available figure

INTEREST RATES

Euro-currencies (3-month offered rate)	Jan 6	Prev
£	11 13/16	11 15/16
SFr	4 7/16	4⅛
DM	4¾	4¾
FFr	13	13¼
FT London Interbank fixing (offered rate)		
3-month US$	8⅛	8 3/16
6-month US$	8⅛	8 3/16
US Fed Funds	7⅞*	8⅛
US 3-month CDs	7.75*	7.85
US 3-month T-bills	7.04*	7.28

CURRENCIES

(London)	US DOLLAR Jan 6	Previous	STERLING Jan 6	Previous
$	–	–	1.436	1.439
DM	2.4475	2.461	3.515	3.5425
Yen	201.9	202.6	290.0	291.5
FFr	7.5	7.555	10.77	10.87
SFr	2.07	2.067	2.9725	2.975
Guilder	2.7545	2.779	3.955	4.0
Lira	1,667.5	1,678.0	2,394.5	2,414.5
BFr	50.1	50.45	71.95	72.6
C$	1.4065	1.40245	2.02675	2.019

US BONDS

Treasury		Jan 6* Price	Yield	Prev Price	Yield
7⅞	1987	99 29/32	8.012	99 29/32	8.012
9⅛	1992	104 3/32	8.923	104 5/32	8.882
9½	1995	102 3/32	9.045	103 3/32	9.017
9⅞	2015	105 21/32	9.293	106 11/32	9.274

Treasury Index

Maturity (years)	Return index	Jan 6* Day's change	Yield	Day's change
1–30	138.22	+0.14	8.69	–0.01
1–10	134.67	+0.12	8.44	0
1– 3	129.27	+0.11	8.07	0
3– 5	136.55	+0.11	8.60	0
15–30	151.02	+0.23	9.56	–0.01

Source: Merrill Lynch

Corporate	Jan 6* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	101⅞	9.90	101⅞	9.90
3⅞ July 1990	86⅝	7.40	86⅝	7.45
8¾ May 2000	91⅝	9.85	91⅝	10.00
Xerox				
10¼ Mar 1993	104⅛	9.35	104⅛	9.35
Diamond Shamrock				
10¾ May 1993	102	10.20	102	10.20
Federated Dept Stores				
10½ May 2013	102	10.40	102	10.40
Abbot Lab				
11.80 Feb 2013	111.00	10.55	111.00	10.55
Alcoa				
12½ Dec 2012	108⅝	11.25	108⅝	11.25

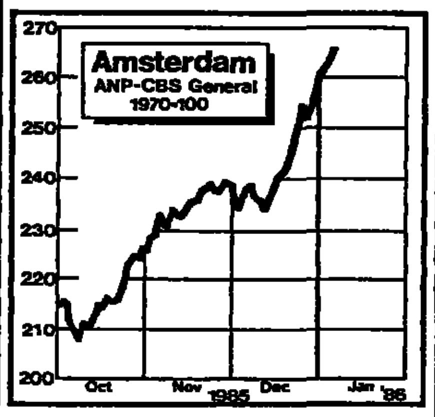
FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	85-00	85-06	84-24	84-30
US Treasury Bills (IMM) $1m points of 100%				
Mar	93.15	93.18	93.13	93.15
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.47	92.52	92.46	92.49
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	92.17	92.19	92.13	92.20
20-year Notional Gilt £50,000 32nds of 100%				
Mar	109-19	109-31	109-17	110-11

* Latest available figures

COMMODITIES

(London)	Jan 6	Prev
Silver (spot fixing)	404.05p	397.45p
Copper (cash)	£966.50	£968.50
Coffee (Jan)	£2,787.50	£2,821.50
Oil (spot Arabian Light)	$27.75	$27.75



WALL STREET

Twin causes for bout of caution

INVESTORS turned cautious on Wall Street yesterday, *writes Terry Byland in New York.*

Friday's sharp gain in stocks was challenged both by a heavy Treasury funding programme and by a bearish report on industrial activity from US purchasing executives. Technology and car stocks rallied from early falls, but the overall picture remained dull.

At 3pm, the Dow Jones industrial average was down 2.87 at 1,546.33.

Widespread falls in airlines brought a sharp setback in the Dow transportation average.

Credit markets looked uneasy in the face of this week's $26.05bn funding programme from the Treasury. Federal funds remained near 8 per cent. Traders were confident of handling the Treasury programme, which opened yesterday with the sale of $14.8bn in bills, continuing with auctions today of $6.5bn seven-year notes and tomorrow of $4.75bn in 20-year bonds. However, the Treasury activity reduces the chances of a cut this week in federal discount rate.

In the stock market, selling was light but market indices were weakened by early falls in IBM, and in the Detroit car stocks, which responded to poor sales in early December while also awaiting the latest sales statistics.

IBM steadied, however, to show a fall of $¾ at $153⅞. Other technology stocks to show similar falls included Honeywell, $⅛ off at $72⅝, Burroughs, $⅜ off at $63 and Control Data, $⅝ off at $20¾. But Digital Equipment found buyers, gaining $1 to $133½.

Stock exchanges in Milan, Stockholm, Madrid and Vienna were closed yesterday.

General Motors at $71⅜ was $¼ off but above its low and Ford $⅜ down at $56½.

In the airline sector, TWA stock dipped $1⅛ to $14 as Mr Carl Icahn became chairman and Wall Street backed away from the airline's deteriorating financial position.

Indeed, TWA underlined the market's fears for the airline industry by announcing a round of fare cuts. Other airline stocks, already unsettled by analysts' warnings of the potential damage implied by a new price war, fell sharply.

United, the major domestic carrier, dipped $⅞ to $47⅛, American shed $⅛ to $39⅞, and Pan Am, the transatlantic leader fell $¼ to $7⅛.

The broader range of industrial stocks showed narrow, mixed changes. The pharmaceuticals moved uncertainly as the dollar rallied from last week's softness. Only Merck, $¼ better at $140¾ remained buoyant. Dull spots included Pfizer, down $⅛ at $50¼ and Abbott Laboratories, $⅜ off at $68. Recent firmness in stock of Kerr-McGee, the energy industry group, was sharply reversed on news of a serious gas leak. At $32, the stock was $1⅞ down.

The market's most active, if unpredictable, bid saga saw Union Carbide $⅛ firmer at $75⅛ as Wall Street waited to see if GAF would increase its offer for the Carbide equity – perhaps to $80 a share, against the $85 a share for 55 per cent of the equity offered by the Carbide board. Stock in GAF plunged $2¼ to $53 as investors signalled their unhappiness with such a prospect.

Texaco edged up $⅜ to $31⅞ as talks were opened again with Pennzoil regarding the $11.1bn payment imposed on Texaco by a Texas court. At $64⅛, Pennzoil eased $½.

Chrysler off $1 at $45¼, firmly denied market rumours that it was interested in acquiring Merrill Lynch, the major retail brokerage house which soared $1⅞ to $36⅝. E. F. Hutton added $⅝ to $35¼ despite further moves in the illegal overdraft scandal.

A 1m plus block of shares in Sears Roebuck, the retailer, took pride of place in the active stocks list of the NYSE, leaving the shares down $¾ at $37⅞. Other retail issues looked ragged as investors assessed the outcome of an unexciting Christmas season. J. C. Penney shed $¼ to $54½, and K mart, the discounter, $¼ to $34⅞.

At mid-session, the federal funds rate dipped below 8 per cent without action by the Federal Reserve and this brought a similar easing in Treasury-bills and some other money market rates. The market sensed that the day's auction of T-bills was passing off satisfactorily.

Bond prices rallied from their early falls but remained weak overall. Major investors were inclined to wait until the outcome of today's sale of seven-year notes, which will give an indication of the underlying retail interest in longer dated issues.

TOKYO

Ignored by institutional investors

THE NIKKEI average, which hit an all-time high in the year's first day of trading in Tokyo on Saturday, suffered a sharp setback yesterday as institutional investors stayed away from the market, *writes Shigeo Nishiwaki of Jiji Press.*

Resources-related issues were sought, but most other stocks lost ground as a result of small-lot selling.

The Nikkei average fell 83.08 to 13,053.79 on a volume of 231m shares, a steep decline from 323m for the previous full-day session on December 27. Declines outpaced advances 424 to 343, with 137 issues unchanged.

Trading was unusually lacklustre for a new year session. The stock average shot up to a record 13,136.87 on Saturday's half day, but the upswing was due to speculative buying of oils and non-ferrous metals. Trading was slow at only 135.44m shares.

Institutional investors, which have sharply boosted their share of trading on the Tokyo Stock Exchange, sat on the sidelines together with individual investors in view of violent fluctuations in the yen's exchange rate against the US dollar and uncertainty over interest rates in Japan and other countries.

Speculators and the dealing sections of brokerage houses sought a handful of resources-related issues and incentive-backed stocks. Among them was Mitsui Mining, which topped the active list with 11.32m shares changing hands. It soared Y25 to Y550. Investors were apparently encouraged by the enquiries the company has been receiving from overseas about its equipment to prevent acid rain.

Nippon Oil placed second with 8.06m shares on small-lot buying by investment trusts. It rose Y15 temporarily, but closed Y6 lower at Y849 after profit-taking. As Nippon Oil declined, Arabian Oil shot up, registering the day's maximum allowable gain of Y500 to Y4,380 at one stage. It finished Y440 higher at Y4,320.

Sapporo Breweries temporarily advanced to Y674 on its reported plan to close a plant in Tokyo to start a large-scale redevelopment project. At that price, investors sold the stock for profits and it ended the day at Y655, up Y15 after violent fluctuations.

Neturen finished Y66 higher at Y766 after advancing to Y800 on rumours that speculators have been massively purchasing its shares.

Elsewhere, blue chip and domestic demand-related issues fell on a wide front.

The yield on the benchmark 6.8 per cent government bond maturing in December 1994 rose sharply from 5.575 per cent Saturday to 5.680 per cent. But the yield on the 6.2 per cent government bonds due in July 1995, which is considered the likeliest issue to replace the 6.8 per cent bond as the barometer issue, increased only slightly from 5.630 per cent to 5.635 per cent.

HONG KONG

FINANCIAL and utility issues were in the limelight in a mixed Hong Kong. Local investors snapped up Hongkong and Shanghai Banking Corp shares, pushing the price sharply higher to HK$8.10 before shading back to end 10 cents firmer at HK$8.05.

The Hang Seng index, which pierced the 1,800 barrier at one stage, finished up 5.36 at 1,796.59.

Among utilities, China Light and Power added 20 cents to HK$15.80, Hongkong Telephone was steady at HK$10.40, while Hongkong Electric gained 5 cents to HK$8.70.

Elsewhere in financial issues, Bank of East Asia, which has already risen 90 cents this year, was 20 cents higher at HK$25.50.

EUROPE

Bubbling up on way to heady levels

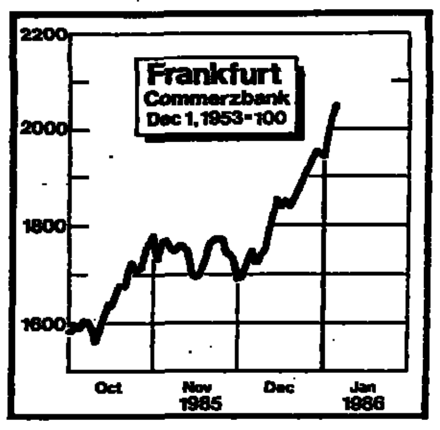
THE SOUND of champagne corks echoed around the European bourses again yesterday as new records were achieved in particularly heavy trading.

The record-breaking run in **Frankfurt** gathered momentum as the Commerzbank index added a further 24 points to Friday's peak to hit a high of 2,049.9.

Car makers were at the heart of the advance with Daimler catapulting DM 39 higher to a record DM 1,300, while VW posted a proportionally greater advance with a DM 22.50 surge to DM 522. Porsche, however, was mauled by profit-takers despite a 38 per cent gain in US sales for December. The sports car group shed DM 5 to DM 1,280.

Profit-takers also drew blood among banks and stores. Deutsche Bank was squeezed DM 13 lower to DM 907, although Dresdner managed a creditable DM 3 gain to DM 466.50.

In stores, Karstadt tumbled DM 11 to DM 347, Horten was marked down DM 4 to DM 220 and Kaufhof finished the session DM 6 cheaper at DM 362.



AEG led electricals DM 5 lower to DM 265, while utility RWE picked up DM 5.30 to DM 208.30.

The bond market was encouraged by the dazzling display in the stock market and prices rose by up to 45 basis points. The Bundesbank maintained a modest presence with purchases of DM 24.8m of domestic paper compared with Friday's purchase of DM 36.6m.

An avalanche of buying overpowered **Zurich** taking many leading indices to 12-month highs.

The food sector was one of the few not to benefit from the flurry of buying and banks and insurers secured only modest gains.

Trading in Oerlikon Bührle was suspended after its registered share price gained more than 10 per cent with a SFr 62 surge to SFr 380. The bearer share added SFr 50 to SFr 1,500.

Other registered stocks made good progress, while some bearer shares succumbed to profit-taking.

UBS was unsettled by profit-taking pressure with its bearer share SFr 35 down at SFr 5,390 and its registered form unchanged at SFr 1,000.

Among insurers, Genevoise and Winterthur registered rose SFr 150 apiece to SFr 15,600 and SFr 3,600 respectively. La Suisse firmed SFr 100 to SFr 7,600.

In foods, the Nestlé bearer share held steady at SFr 9,325 after touching an early SFr 9,400. Its registered stock advanced SFr 30 to SFr 5,030.

Travel group Kuoni surged SFr 2,100 ahead to SFr 20,500 in very heavy OTC trading, while the Hoffmann-La Roche ⅒ share gained SFr 500 to SFr 12,700.

Extremely heavy buying developed in **Paris** as foreign investors pushed the CAC General index to a peak of 277.3 with a rise of 3.5. Volume was so heavy that closing quotes were delayed 75 minutes.

Radiotechnique jumped by over 10 per cent with a FFr 61 gain to FFr 495, while Au Printemps was in further demand and closed FFr 30.90 higher at FFr 469.90.

Oils slipped. Elf Aquitaine dipped FFr 120 to FFr 197 and Total fell to FFr 286.70.

Amsterdam sprinted to a mid-session peak with the ANP-CBS index 3.3 higher at a record 265.9. A late wave of profit-taking took the lustre off the session as banks, insurers and publishers were marked down while leading internationals turned mixed.

ABN lost Fl 1.50 to Fl 608, Amro edged 50 cents down to Fl 90 and Elsevier surrendered Fl 7.70 to Fl 183.30.

Océ van der Grinten, however, held on to one of the best gains of the day with its Fl 26 jump to Fl 440.

Unilever picked up Fl 1.50 to Fl 412.50 and Royal Dutch slipped 40 cents to Fl 175.

Bonds were up to 10 basis points lower where changed.

Brussels made a spirited recovery from its recent downturn and boosted the Belgian Stock Exchange index 19.80 higher to 2,820.76.

Petrofina dipped BFr 60 to BFr 6,490 in heavy trading, while GB-Inno-BM lost BFr 45 to BFr 4,900.

Cobepa added BFr 100 to BFr 4,100, Electrobel sprinted BFr 225 higher to BFr 10,775 and Gevaert advanced BFr 150 to BFr 4,900.

LONDON

Record run comes to an abrupt halt

THE RECORD run by equities in London was reversed midway through morning trade and the FT Ordinary share index gradually gave up an early gain of 6.6 to close the day 7.8 down at 1,141.8.

Negative factors included slightly harder domestic interest rates, uncertainty about oil prices, disappointment over the absence of any reduction in the Federal Reserve discount rate and the lack of any institutional interest in the market.

Rising short-term interest rates also hit gilts and both longer and shorter dated issues fell about ½ in a market bereft of confidence.

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SOUTH AFRICA

DESPITE a bout of late profit-taking, prices in Johannesburg closed sharply higher.

Blue-chip mining issues led the advance with Southvaal R5.50 firmer at R119 and Kloof R1 up at R24.50.

De Beers, the world's largest diamond miner, turned in another sparkling performance to end 65 cents firmer at R18.65.

Platinum issues mirrored golds. Rustenburg Platinum rose R1 to R27.25 and Impala added R1 to R31.50. News that Impala had dismissed 20,000 black miners out of a total workforce of 30,000 came too late to affect the share price.

CANADA

BANKS continued their losses for the new year in Toronto on the back of firmer interest rates trends. Most issues moved broadly lower in moderate trading.

Royal Bank of Canada traded C$⅛ lower at C$33, Bank of Montreal lost C$⅜ to C$32⅛, while Toronto Dominion Bank eased C$⅛ to C$23⅝. During late trading, Canadian Imperial Bank of Commerce, Canada's third largest bank, said it was raising its prime lending rate ½ a percentage point to 10.5 per cent, effective today.

Prices were also weaker in Montreal.

AUSTRALIA

INSTITUTIONAL investors concentrated on the industrial sector in Sydney yesterday and most issues were pushed higher by the buoyant trend.

The highlight of the day proved to be some special sales in Bond Corporation. The issue gained 4 cents to A$1.85 with 2.6m shares traded.

AGL, the gas company which is involved in a legal battle with IEL, added 10 cents to A$5.30, while IEL rose 20 cents to A$6.40.

SINGAPORE

INVESTORS in Singapore were selective in their buying yesterday and after some short covering, most prices closed slightly higher.

Lower-priced issues were among the most active for the session except for Singapore Airlines which topped the active list with a turnover of 1.2m. It ended 12 cents up at S$4.48.